APPENDIX

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APPENDIX A

PUBLISHED

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 22-1622

DEWBERRY ENGINEERS INC.,
a New York corporation,

Plaintiff - Appellee,

v.

DEWBERRY GROUP, INC.,
f/k/a Dewberry Capital Corporation,
a Georgia corporation,

Defendant - Appellant.

No. 22-1845

DEWBERRY ENGINEERS INC.,
a New York corporation,

Plaintiff - Appellee,

v.

DEWBERRY GROUP , INC.,
f/k/a Dewberry Capital Corporation,
a Georgia corporation,

Defendant - Appellee.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. Liam O'Grady, Senior District Judge. (1:20-cv-00610-LO-IDD)

Argued: May 3, 2023 Decided: August 9, 2023

Before GREGORY, THACKER, and QUATTLEBAUM, Circuit Judges.

Affirmed by published opinion. Judge Gregory wrote the opinion, in which Judge Thacker joined. Judge Quattlebaum wrote a dissenting opinion.

ARGUED: Gail Ellen Podolsky, CARLTON FIELDS, PA, Atlanta, Georgia, for Appellant. Elbert Lin, HUNTON ANDREWS KURTH, LLP, Richmond, Virginia, for Appellee. **ON BRIEF**: Daniel Felsen, CARLTON FIELDS, PA, Washington, D.C., for Appellant. Arthur E. Schmalz, Washington, D.C., Stephen P. Demm, Brian A. Wright, David M. Parker, HUNTON ANDREWS KURTH LLP, Richmond, Virginia, for Appellee.

GREGORY, Circuit Judge:

Two companies that operate in the real estate development industry have spent years embroiled in a dispute over their shared name: "Dewberry." This appeal concerns their latest spat—Dewberry Engineers has sued Dewberry Group to quell the latter's use of several new insignias it developed as part of its rebrand. Dewberry Engineers owns federal trademark rights to the "Dewberry" mark and claims Dewberry Group's rebranding efforts infringe that mark and breach an agreement struck between the sparring corporations over a decade ago. The district court sided with Dewberry Engineers in the proceedings below, assessing a nearly $43 million profit disgorgement award against Dewberry Group for its infringement, enjoining it from further breaches of its agreement with Dewberry Engineers, and ordering it to pay attorneys' fees for forcing Dewberry Engineers to litigate an exceptional case of trademark infringement. We affirm the district court's judgments.

I.

A.

This dispute includes not one, but two businesses bearing the "Dewberry" name while engaged in commercial real estate development. The first, Dewberry Engineers, started in the mid-1950s as a civil engineering and surveying firm in Northern Virginia. Over time, its business expanded to include real estate development services such as architecture and site development, among other offerings. Although the firm's title cycled through different iterations involving the name "Dewberry" over the years, it presently operates as Dewberry Engineers. Dewberry Engineers provides its services through affiliated entities under common ownership and control to clients all over the United States—Georgia, Virginia, Florida, and South Carolina in particular.

The second business, Dewberry Group, similarly provides real estate development services through its affiliates, all of which are owned by real estate developer John Dewberry. The Atlanta, Georgia-based Dewberry Group exclusively serves John Dewberry and Dewberry Group's affiliates who in turn lease commercial property to tenants in Georgia, Virginia, South Carolina, and Florida.

Whatever peaceful coexistence the parties enjoyed ended in 2006 when each confronted the other over their competing "Dewberry" brands. Dewberry Group—then called Dewberry Capital—struck first by sending Dewberry Engineers a cease-and-desist letter that asserted "a likelihood of confusion or mistake exists between the parties' respective marks." J.A. 3714–15. It argued that, although Dewberry Engineers held a federal trademark for "Dewberry," Dewberry Group had senior common law rights to the use of "Dewberry" in connection with real estate development and related services.

Dewberry Engineers agreed that the marks are confusingly similar and escalated matters to a lawsuit against Dewberry Group for trademark infringement. Dewberry Engineers argued that it would be harmed by Dewberry Group's use of its "Dewberry" mark because both parties used their marks in connection with real estate development services. Dewberry Group counterclaimed for common law infringement, claiming that Dewberry Engineers' marks "so resemble Dewberry Capital's DEWBERRY CAPITAL mark . . . as to be likely to cause confusion, mistake, or deception when used in connection with real estate development services." J.A. 2463–64. Pertinent to the parties' competing allegations, the U.S. Patent and Trademark Office ("USPTO") had made an initial finding by then that there was a likelihood of confusion between "Dewberry" and "Dewberry Capital," declining registration of "Dewberry Capital" on that basis.

That litigation did not reach the merits, however, because the parties signed a confidential settlement agreement (the "CSA") in 2007. The CSA allows Dewberry Engineers to use its registered marks freely, and prevents Dewberry Group from challenging these registrations:

> 4. [Dewberry Engineers] may use its DEWBERRY marks and names at any time for any services or products it chooses throughout the United States and elsewhere.
>
> . . .
>
> 8. [Dewberry Group] . . . shall withdraw any pending challenges to [Dewberry Engineers'] federal trademark registrations, and shall not challenge or take action against Dewberry's federal trademark registrations.

J.A. 1198–99 ¶¶ B.4, B.8. By contrast, the CSA strictly limits Dewberry Group's use of "Dewberry":

> 2. Except as provided in Paragraph B.3, below, . . . [Dewberry Group] may use the DEWBERRY CAPITAL name and mark in connection with its promotion, offering and performance of real estate development services.
>
> . . .
>
> 3. To the extent that [Dewberry Group] performs any . . . real estate development or

> related services in [Virginia, D.C., or Maryland], it shall do so only under the name and mark DCC and not under the name or mark DEWBERRY CAPITAL.
>
> . . .
>
> 5. [Dewberry Group] will expressly abandon any pending applications to register the DEWBERRY CAPITAL mark for real estate development and/or real estate related services.
>
> . . .
>
> 6. [Dewberry Group] will not use the word DEWBERRY . . . in connection with any architectural or engineering services.
>
> . . .
>
> 10. Where feasible, [Dewberry Group] shall continue to use its column logo . . . . [Dewberry Group] shall not use a logo or design mark that depicts a "dewberry" or "berry," and [Dewberry Group] shall not use a logo or design mark that is confusingly similar to [Dewberry Engineers'] "dewberry" logo and design mark . . . .

Id.

Dewberry Engineers also agreed not to oppose Dewberry Group's then-pending applications to register five specific Dewberry-related marks. And both parties agreed to dismiss their claims in the prior litigation and released each other from any claims they "could have asserted" there. J.A. 1200–01 ¶¶ B.14–B.15.

For a time, the parties retreated to the status quo. The armistice dissolved in 2017, however, when Dewberry Group decided to revamp its brand. After the successful launch of The Dewberry® hotel in Charleston, South Carolina, John Dewberry decided to change the suffix "Capital" to "Group," which would better align with the company's expansion into providing services for hospitality properties. John Dewberry also adopted several sub-brands: "Dewberry Living," "Dewberry Office," and "Studio Dewberry." Dewberry Group went further by creating a new logo that featured the letter D within a circle. When rebranding began, John Dewberry did not inform Dewberry Group's then-general counsel, David Groce, of the prior litigation or the CSA. Instead, he asked Groce to "do a search" for related trademarks. J.A. 3217. That search revealed Dewberry Engineers' "Dewberry" mark. Even after this, it appears that as of January 2018, Groce still was unaware of the CSA between the parties.

As a part of its rebranding efforts, Dewberry Group applied to register "Dewberry Group" with the USPTO for "[c]ommercial real estate development services." J.A. 1859–64. The USPTO rejected this application on December 20, 2017, "because of a likelihood of confusion" with the Dewberry Marks. J.A. 1841. It explained that the "dominant wording DEWBERRY" in both marks was "identical in sound, meaning and essentially identical in appearance" and the parties' services were "highly related." J.A. 1841–42. A week later, Dewberry Engineers sent Dewberry Group a letter objecting to its use of "Dewberry Group." Groce responded on January 11, 2018, "regret[ting] any concern" Dewberry Group caused and claiming he had not been "aware of the prior litigation or the [CSA]" and "ha[d] no intent to infringe [Dewberry Engineers'] valid trademark rights or to breach the terms of the settlement agreement." J.A. 3826. He further promised "not to attempt to register the term DEWBERRY GROUP for real estate development services," or to "use the term in connection with any present or future real estate development or related services in Virginia, Maryland, or the District of Columbia." *Id.* Instead, he promised to "use DCC or something else that is not confusingly similar to [Dewberry Engineers'] marks." *Id.*

In February 2018, Dewberry Group abandoned its first "Dewberry Group" application but continued rebranding, using "Dewberry Group" and "Studio Dewberry" marks on all "existing & future marketing material," J.A. 3227, including "all new leasing materials," J.A. 3239. It later used these marks on new letterhead, business cards, email signatures, uniforms, and property signs.

Despite Groce's promises, Dewberry Group also applied to register four new "Dewberry" marks in April 2018: "D Dewberry Group," "Studio Dewberry," "D Dewberry Living," and "D Dewberry Office." All four were for real estate-related services. In response, the USPTO required Dewberry Group to disclaim the words "Group," "Studio," "Living," and "Office" (meaning Dewberry Group would not claim exclusive rights to those descriptive terms), leaving "Dewberry" as the only distinctive element.

In June 2018, Dewberry Engineers sent its second cease-and-desist letter demanding that Dewberry Group withdraw the applications for these new marks. Dewberry Engineers warned that Dewberry Group was intentionally infringing Dewberry Engineers' marks, breaching the CSA, and breaking Groce's recent promises. Dewberry Group refused to abandon the applications, claiming that the parties' marks were not confusingly similar, and that the CSA allowed its use of "Dewberry" marks other than "Dewberry Capital" for non-architectural services. Dewberry Engineers responded with a third cease-and-desist letter in July 2018, insisting again that Dewberry Group abandon its "Dewberry" marks. It explained that Dewberry Group had misread the CSA, and that Dewberry Group's new marks only increased the likelihood of confusion by eliminating "Capital"—which provided the financial connotation serving to distinguish the parties' marks. Dewberry Engineers also warned that Dewberry Group's marks had already "caused confusion in both the Charlottesville[, Virginia] area and the Northern Virginia area." J.A. 3831.

Meanwhile, Dewberry Engineers challenged Dewberry Group's applications at the USPTO. The USPTO rejected these applications due to a "likelihood of confusion" with Dewberry Engineers' marks. J.A. 2078. Like "Dewberry Group," it found, for example, that "Studio Dewberry" was "confusingly similar" to Dewberry Engineers' marks, and the parties' services were "similar and related," particularly Studio Dewberry's "interior and exterior design for real estate." J.A. 2079. The USPTO reaffirmed those rejections after Dewberry Group had asked for reconsideration.

B.

Dewberry Engineers filed this action in May 2020, claiming breach of contract and trademark infringement under the Lanham Act and Virginia common law. The district court entered summary judgment in favor of Dewberry Engineers on both claims. *See Dewberry Eng'rs, Inc. v. Dewberry Grp., Inc.* (*Dewberry I*), No. 1:20-CV-00610, 2021 WL 5217016, at *1 (E.D. Va. Aug. 11, 2021).

With respect to breach of contract, the district court found the plain language of the CSA unambiguous. *Id.* at *2. Then it held that Dewberry Group violated paragraphs B.2, B.3, B.6, and B.10. *Id.* Supporting that conclusion, the district court looked to Dewberry Group's admitted use of the "Dewberry" mark within its promotional materials for "Studio Dewberry," which Dewberry Group touts for its architectural designs. *Id.* at *2–3. Next, the district court found that "[a]ccording to the terms of the CSA, [Dewberry Group] was obliged to continue using the column logo. Instead, [Dewberry Group] chose a new logo as part of its larger rebranding efforts." *Id.* at *4. That, the district court reasoned, directly violated the CSA. *Id.* Finally, the district court held that "[w]here [Dewberry Group] is shown to have performed real estate development activities in the Commonwealth of Virginia either (1) under the mark 'Dewberry Capital' or (2) not under the mark 'DCC,' it is in breach." *Id.* at *5. Because it was "not difficult to find examples of such activities" the district court concluded that Dewberry Group violated paragraphs B.2 and B.3. *Id.*

As to trademark infringement, the court decided that Dewberry Engineers "established that the 'Dewberry' mark is valid, legally protected, and, having been in continuous use for more than five years following its registration, incontestable." *Id.* at *6. The question left to decide was whether application of a nine-factor test left any dispute that there was a likelihood of confusion between the parties' respective marks. The district court found no dispute on that question given: the similarity of the marks; the parties services and the regions in which they operate;

the instances of actual marketplace confusion in the record; the investment by Dewberry Engineers into the goodwill of its trademark; and the evidence of negative publicity threatening to tarnish that goodwill due to confusion between Dewberry Engineers' and Dewberry Group's marks. *Id.* at *11.

The district court later held a three-day bench trial to calculate damages. *Dewberry Eng'rs, Inc. v. Dewberry Grp., Inc.* (*Dewberry II*), No. 1:20-CV-00610, 2022 WL 1439826, at *1 (E.D. Va. Mar. 2, 2022). Following this Court's test set forth in *Synergistic International, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006), the district court found profit disgorgement appropriate. *Dewberry II*, 2022 WL 1439826, at *8–9. But because Dewberry Group provided its infringing services to affiliate companies under common ownership, the court found that the revenues associated with Dewberry Group's conduct appeared on the affiliates' balance sheets. *Id.* at *9. Consequently, the court treated Dewberry Group and its affiliates as a single corporate entity for the purpose of calculating revenues and profits generated by Dewberry Group's use of infringing marks. *Id.* at *10. The court determined that the tax information Dewberry Group presented did not reflect the "economic reality" of Dewberry Group's relationship with its affiliates. *Id.* And to account for some revenues unrelated to infringement, as well as costs, the district court reduced Dewberry Engineers' requested award of $53,719,657 by twenty percent—awarding Dewberry Engineers $42,975,725.60 in disgorgement profits. *Id.* at *13–14. Finally, the district court found this to be an "exceptional case" meriting an attorneys' fees award under the Lanham Act. *Id.* at *13.

In a later order, the district court issued a permanent injunction that prevents Dewberry Group from using the "Dewberry" mark in connection with real estate development services, except as permitted by the CSA. *See Dewberry Engineers Inc. v. Dewberry Grp., Inc.* (*Dewberry III*), No. 1:20-CV-610-LO-IDD, 2022 WL 1439105, at *5 (E.D. Va. May 6, 2022).

Dewberry Group timely appealed all three district court orders.

II.

Dewberry Group first challenges the district court's grant of summary judgment to Dewberry Engineers on its breach of contract and trademark infringement claims. We review summary judgment decisions de novo. *Lee v. Town of Seaboard*, 863 F.3d 323, 327 (4th Cir. 2017). "The narrow questions before us on summary judgment are whether any genuine issues of material fact exist for the jury and if not, whether the district court erred in applying the substantive law." *Id.* Thus, we will grant summary judgment "only if, taking the facts in the best light for the nonmoving party, no material facts are disputed and the moving party is entitled to judgment as a matter of law." *Ausherman v. Bank of Am. Corp.*, 352 F.3d 896, 899 (4th Cir. 2003).

A.

Beginning with the breach of contract claim, Dewberry Group argues that material disputes of fact warrant reversal of the district court's conclusions that Dewberry Group violated the CSA. A claim for breach of contract consists of "(1) a legally enforceable obligation of a defendant to a plaintiff; (2) the defendant's violation or breach of that obligation; and (3) injury or damage to the plaintiff caused by the breach of obligation." *Navar, Inc. v. Fed. Bus. Council*, 784 S.E.2d 296, 299 (Va. 2016). No one disputes that the CSA is a valid and enforceable contract. The district court found the CSA unambiguous, and that Dewberry Group breached several paragraphs therein.

Paragraph B.6 of the CSA reads: "[Dewberry Group] will not use the word DEWBERRY in the name of, or as a mark for, any architectural and/or engineering company, or in connection with any architectural or engineering services." J.A. 1198. The district court found that Dewberry Group violated that provision on account of its promotional materials, like the Studio Dewberry webpage touting its architectural designs, *see* J.A. 2606–09, its promotional article in *Architectural Record* magazine, *see* J.A. 3616–18; 1262, and its architectural filings for the Dewberry Charlottesville building, *see* J.A. 2614–30; *see also* J.A. 1193 (crediting "Studio Dewberry" as one of its architects on leasing packages provided to clients). Each of these instances presented uncontroverted evidence that Dewberry Group used the "Dewberry" mark while providing architectural or engineering services. In addition, the district court found that these services benefited third parties, despite Dewberry Group's argument that it only provided internal services. For example, Dewberry Group prepared drawings in connection to a zoning approval for a downtown City of Charlottesville building project on behalf of the project's owner, Deerfield Square Associates, II, LLC. Even more, the court found that "the services performed by [Dewberry Group] were in order to serve as a distinguishing mark of luxury, for the benefit of the tenants, investors, and brokers." *Dewberry I*, 2021 WL 5217016, at *4.

Paragraph B.10 states that "[w]here feasible, [Dewberry Group] shall continue to use its column logo in its current format . . . or in a substantially similar format." J.A. 1199. The district court concluded that because Dewberry Group "chose a new logo as part of its larger rebranding efforts" it breached its obligation that it "shall continue" to use the column logo. *Dewberry I*, 2021 WL 5217016, at *4.

Paragraph B.2 provides:

> Except as provided in Paragraph B.3, below, [Dewberry Group] may use the DEWBERRY CAPITAL name and mark in connection with its promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties.

J.A. 1198. Paragraph B.3, in turn, mandates that Dewberry Group "shall" use "the name and mark DCC and not under the name or mark DEWBERRY CAPITAL" if it "performs any present or future real estate development or related services in the Commonwealth of Virginia, the State of Maryland, or the District of Columbia." *Id.* The district court held that "[e]very time [Dewberry Group] performed such real estate development activities in Virginia—whether procuring financing, purchasing property, or submitting plans to the Board of Architectural Review—doing so under the 'Dewberry' mark (or conversely, not under the DCC mark), it was in breach of the CSA." *Dewberry I*, 2021 WL 5217016, at *5.

Dewberry Group raises four arguments why we should set this analysis aside. But each fails to persuade us of any latent error in the district court's conclusions.

First, Dewberry Group revives its argument, rejected by the district court, that the CSA is ambiguous as to the meaning of "where feasible" in paragraph B.10 but it adds nothing of substance to convincingly suggest ambiguity. And our review reveals none.

Second, Dewberry Group argues that the district court should have considered parol evidence that the parties intended paragraphs B.2 and B.3 to apply only to "public facing" project names. Opening Br. 49. In Virginia, however, parol evidence is inadmissible if the CSA was "intended also as a complete and exclusive statement of the terms of the agreement." Va. Code Ann. § 8.2-202. And the CSA paragraph B.22 explicitly states that the "[p]arties expressly agree that they will not attempt in the future to argue that there were any other written or oral understandings or agreements between the [p]arties, as of the date of this Agreement, that are not expressly contained in this Agreement." J.A. 1203.

Third, Dewberry Group argues that its "in-house" activities were not technically architectural because they "do not require an architectural license." Opening Br. at 48. That distinction is fanciful and unsupported. As a matter of Virginia law, "[t]he 'practice of architecture' means any service wherein the principles and methods of architecture are applied, such as consultation, investigation, evaluation, planning and design, and includes the responsible administration of construction contracts." Va. Code Ann. § 54.1-400. There is no dispute that Dewberry Group's activities (such as the Charlottesville project) provided some of these services.

Its fourth and final argument is that Dewberry Engineers did not establish an injury stemming from these breaches. The district court concluded that Dewberry Group's "negative publicity damages [Dewberry Engineers'] positive reputational standing." *Dewberry I*, 2021 WL 5217016, at *10 (cleaned up). For example, Dewberry Engineers provided evidence of negative publicity that mistakenly attributed Dewberry Group's Charlottesville development project—which news articles described as an "eyesore" and "blight," J.A. 2751–52, a "long-languishing" "skeletal building," J.A. 2731, "violat[ing] building code[s]," J.A. 2743, and containing "so many rats" that "it looked like the ground was moving," *id.*—to Dewberry Engineers because the project bore the "Dewberry" name.

Such reputational harm is sufficient to demonstrate irreparable injury flowing from the breach of a settlement agreement restricting the breaching party's use of a trademark. *See, e.g.*, *Dynamic Aviation Grp. Inc. v. Dynamic Int'l Airways, LLC*, No. 5:15-CV-00058, 2016 WL 1247220 at *28–29 (W.D. Va. Mar. 24, 2016) (collecting cases supporting the proposition that "[l]oss of goodwill and industry reputation can constitute irreparable harm for" both a contract and infringement claim); *see also Worrie v. Boze*, 62 S.E.2d 876 (Va. 1951) (acknowledging irreparable injury may be shown without showing actual damage attendant to the breach of a non-competition agreement). Accordingly, we find no fault with the district court's conclusion that Dewberry Engineers suffered a cognizable injury stemming from Dewberry Group's breach of the CSA.

B.

Dewberry Group also claims that it did not infringe Dewberry Engineers' trademark in violation of the Lanham Act. The Lanham Act protects trademark registrants from "any reproduction, counterfeit, copy, or colorable imitation of a registered mark" by allowing the registrant to commence a civil action against trademark infringers for disgorgement of profits or other damages. 15 U.S.C. § 1114(1). To demonstrate trademark infringement, a plaintiff must show both (1) "that it owns a valid and protectable mark," and (2) "that the defendant's use of a 'reproduction, counterfeit, copy, or colorable imitation' of that mark creates a likelihood of confusion." *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 267 (4th Cir. 2006) (quoting § 1114(1)(a)).

The district court entered summary judgment in favor of Dewberry Engineers because it found a likelihood of confusion between Dewberry Engineers' "Dewberry" trademark and Dewberry Group's "Dewberry" branding. But Dewberry Group finds two problems with the district court's analysis. As a threshold matter, Dewberry Group faults the district court for failing to address its defense that it used the "Dewberry" mark prior to Dewberry Engineers' first use. Dewberry Group also disputes the district court's likelihood-of-confusion determination. We ultimately agree with the district court.

1.

We first address Dewberry Group's contention that Dewberry Engineers is not entitled to judgment as a matter of law because Dewberry Group has priority over the "Dewberry" mark.

The notion that "federal law does not create trademarks" is a foundational precept of United States trademark law. *See* 2 J. Thomas McCarthy, *McCarthy On Trademarks and Unfair Competition* § 16:18 (5th ed.) (collecting cases). Instead, "[o]ne who first uses a distinct mark in commerce [] acquires rights to that mark." *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 142 (2015). Consequently, the Lanham Act helps to "protect marks" already in use. *Id.* To that end, it allows the owner of a trademark to register that mark, granting the registrant substantial benefits. Registration provides "constructive notice of the registrant's claim of ownership" of the mark, 15 U.S.C. § 1072, and serves as "prima facie evidence of the validity of the registered mark," § 1057(b). Even more, a mark can become "incontestable" once it has been registered for five years upon the satisfaction of four other criteria. *See id.* §§ 1065, 1115(b).

Another way the Lanham Act aids trademark registrants is the private right of action it authorizes against alleged infringers. In an infringement suit involving a mark that has become incontestable, "registration is *conclusive* evidence of the registrant's exclusive right to use the mark, subject to [some] conditions" found in § 15 and "the seven defenses enumerated in § 33(b) itself." *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 196 (1985) (holding that a trademark may not be challenged as merely descriptive once it becomes incontestable); *see also* 15 U.S.C. § 1115(a). Because a mark ultimately belongs to whomever used it first, "prior use" is one of those enumerated defenses available to defeat a trademark registrant's claim that a mark has become incontestable. *See* 15 U.S.C. § 1115(b)(5).

When Dewberry Group raised this defense below, the district court responded simply that Dewberry Engineers "established that the 'Dewberry' mark is valid, legally protected, and, having been in continuous use for more than five years following its registration, incontestable." *Dewberry I*, 2021 WL 5217016, at *6. But it spoke nothing of Dewberry Group's prior use defense, which remains available to refute an incontestable trademark. Dewberry Group now urges reversal because its reading of the record evidence creates a genuine dispute of fact about which party first used the "Dewberry" name.

The district court's silence on the issue notwithstanding, Dewberry Group's priority argument cannot succeed. On its version of the facts, Dewberry Group has long used "Dewberry"—as early as the 1980s—while Dewberry Engineers claimed its first use in 2003. Assured of a competent jury's facility with arithmetic, Dewberry Group contends the prior use question should be reserved for trial. Whatever the merits of this argument, it is foreclosed by a key piece of evidence: paragraph B.8 of the CSA states that Dewberry Group "shall not *challenge* or take action against Dewberry[] [Engineers'] federal trademark registrations." J.A. 1199 (emphasis added). Claiming prior use of a trademark is a challenge against its validity. *See Marcon, Ltd. v. Helena Rubenstein, Inc.*, 694 F.2d 953, 956 (4th Cir. 1982). Dewberry Group thus waived the priority issue when it agreed to the CSA. *See Beer Nuts, Inc. v. King Nut Co.*, 477 F.2d 326, 328 (6th Cir. 1973) (holding that a prior settlement agreement recognizing the validity of the plaintiff's trademark precluded the defendant's claim that the mark had become descriptive in a later infringement suit as "an attack upon the validity of the trademark").

Dewberry Group pushes back, claiming that a "prior use defense is not a challenge to the validity of Dewberry Engineers' trademark registrations. . . . Rather it is a recognized defense to an infringement action." Reply Br. at 3. In the context of this case, however, that is a distinction without a difference. The Lanham Act allows litigants to raise prior use either as a ground for cancelation of a registration mark, *Marcon*, 694 F.2d at 956, or as an affirmative defense to infringement of a registered mark, § 1115(b)(5). Those avenues are distinct to be sure. Recall, though, that whoever "first uses a distinct mark in commerce [] acquires rights to that mark." *B & B Hardware, Inc.*, 575 U.S. at 142. A trademark merely provides prima facie evidence, or conclusive evidence in the case of an incontestable mark, of the mark's "*validity*" and the "registrant's ownership and exclusive right to use the registered mark." 15 U.S.C. § 1115(b) (emphasis added). And registration is no guarantee of ownership because the validity of even incontestable marks is susceptible to proof of the affirmative defenses found in § 1115(b), one of which is prior use. So, whether a party claims prior use to preempt the creation of a federal trademark registration, to cancel an existing mark, or in defense of a federal trademark infringement suit, the result is the same: an attack on the validity of that mark.

We therefore need not delve into Dewberry Group's claimed dispute about priority of use. Dewberry Group may very well have priority over the mark, but it waived its right to assert that claim when it agreed not to challenge Dewberry Engineers' trademark registrations. Thus, our review yields nothing to disturb the district court's conclusion that Dewberry Engineers' trademark is incontestable.

2.

a.

We now evaluate Dewberry Group's position that disputes of fact remain about whether a likelihood of confusion exists between its own branding and Dewberry Engineers' "Dewberry" mark. The likelihood of confusion piece to the infringement puzzle is "a matter of varying human reactions to situations incapable of exact appraisement." *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 318 (4th Cir. 1992) (internal quotation marks omitted). Short of an exact measurement of the confusion that may exist between two marks, courts have devised nine factors useful to the analysis: "(1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace;" "(2) the similarity of the two marks to consumers;" "(3) the similarity of the goods or services that the marks identify;" "(4) the similarity of the facilities used by the [parties];" "(5) the similarity of advertising used by the [parties];" "(6) the defendant's intent;" "(7) actual confusion;" "(8) the quality of the defendant's product;" "and (9) the sophistication of the consuming public." *Grayson O Co. v. Agadir Int'l LLC*, 856 F.3d 307, 314 (4th Cir. 2017).

In considering the question of confusion, it is important to maintain perspective. The above-listed factors are "non-exclusive and non-mandatory," "serve as a guide rather than 'a rigid formula'" and "are not all of equal importance" or "relevant in every case." *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 158–59 (4th Cir. 2014) (quoting *George & Co., LLC v. Imagination Ent. Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009)). And, although this element is "frequently a fairly disputed issue of fact on which reasonable minds may differ," *Anheuser-Busch, Inc.*, 962 F.2d at

318, summary judgment can still be appropriate when the record does not create a genuine issue of material fact, *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361, 375 (4th Cir. 2021) ("Nevertheless, as with any other issue of fact, summary judgment remains appropriate when no jury reasonably could have ruled in the non-moving party's favor.").[1] Hence, the district court held that Dewberry Engineers is entitled to summary judgment after finding just seven factors relevant but concluding that six supported a likelihood of confusion. Dewberry Group contests all but one of those six factors. We consider each in turn.

i.

The first factor the district court considered was the strength or distinctiveness of the Dewberry Engineers' mark as actually used in the marketplace. This factor is "'paramount' in determining the likelihood of confusion" because consumers are unlikely to associate a weak or undistinctive mark with a unique source "and consequently will not confuse the allegedly infringing mark with the senior mark." *Grayson O*, 856 F.3d at 314–15 (quoting *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)). The mark's

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[1] *See also CareFirst of Md., Inc.*, 434 F.3d at 274 (affirming summary judgment for the defendant where no factor supported a likelihood of confusion); *Scotch Whisky Ass'n v. Majestic Distilling Co.*, 958 F.2d 594, 598–99 (4th Cir. 1992) (affirming summary judgment for defendant because the Court "simply d[id] not believe that there [was] a genuine issue of fact as to whether the public [would] be deceived"); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148–49 (4th Cir. 1987) ("[W]e think that the likelihood of confusion was so unassailably established as to warrant the district court's entry of summary judgment for the plaintiff as to liability.").

overall strength or distinctiveness "comprises both conceptual strength and commercial strength." *Id.* at 315.

"Measuring a mark's conceptual or inherent strength focuses on the linguistic or graphical 'peculiarity' of the mark, considered in relation to the product, service, or collective organization to which the mark attaches." *CareFirst*, 434 F.3d at 269 (quoting *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 124 (4th Cir. 1990)). The mark's "peculiarity" is measured by "placing the mark 'into one of four categories of distinctiveness: (1) generic; (2) descriptive; (3) suggestive; or (4) arbitrary or fanciful.'" *Grayson O*, 856 F.3d at 315 (quoting *George & Co.*, 575 F.3d at 393–94).

In the proceedings below, Dewberry Group argued that the "Dewberry" mark is conceptually weak because it is a surname, rendering it descriptive. The district court rejected that claim because "[t]aken as a whole, the mark and the 'berry' logo do not suggest a surname." *Dewberry I*, 2021 WL 5217016, at *7. Instead, it considered the USPTO's decision not to require proof of secondary meaning, indicating that it did not consider the mark descriptive. *Id.* "These facts, read in conjunction with the fact that 'Dewberry' neither suggests nor describes the services provided by [Dewberry Engineers]," the court continued, "lead to the finding that the mark is arbitrary, which is conceptually strong." *Id.*

On appeal, Dewberry Group asserts that the district court made short shrift of its argument that the surname "Dewberry" weakens the distinctiveness of the "Dewberry" mark. It contends that "[s]urnames are never assumed to be 'distinctive'" and courts are loath to constrain and "to prohibit an individual from use of his or her name in commerce." Opening Br. at

29 (citing *John B. Stetson Co. v. Stephen L. Stetson Co.*, 128 F.2d 981, 984 (2d Cir. 1942)).

Dewberry Group's surname argument is unpersuasive. For one, it does not meaningfully dispute the district court's reasoning that "Dewberry" does not suggest or describe the services provided by Dewberry Engineers. And, given that "Dewberry" plainly may refer to fruit, it is an arbitrary mark, much like "Apple computers" refers both to a fruit and a consumer computer products company without *describing* the company's services or products. *See Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996) ("Examples [of arbitrary marks] include Tea Rose® flour, Camel® cigarettes, and Apple® computers."). It is also undisputed that, as the district court noted, the USPTO did not require proof of secondary meaning when it registered Dewberry Engineers' "Dewberry" mark, as would be required for a descriptive mark. *See Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 936 n.15 (4th Cir. 1995) ("The fact that the Trademark Office did not require proof of secondary meaning can be determined from analyzing a title copy of the registration the Office issued."). So, the district court did not merely "assume" the "Dewberry" mark's distinctiveness as a surname; it made its distinctiveness determination based on uncontroverted evidence in the record.

Additional record facts only bolster the district court's conclusion. For instance, Dewberry Engineers offered branding studies indicating that consumers in the real estate industry "refer to [Dewberry Engineers] simply as 'Dewberry'" and associate the mark with "knowledge, quality and strong client service." J.A. 7743. A branding awareness study can be an effective yardstick for determining a mark's distinctiveness. *See, e.g.*, *Citigroup Inc. v. Cap. City Bank Grp., Inc.*, 637 F.3d 1344, 1355 (Fed. Cir. 2011) (considering "corporate studies tracking awareness of the CITIBANK mark"). Dewberry Group's only response to this evidence is a naked assertion that "a factfinder may reject such studies." Reply Br. at 7. Speculation does not create a genuine dispute of fact, however. Without evidence to the contrary, the record supports the district court's finding that the mark is distinctive and that this factor favors Dewberry Engineers.

ii.

Turning to the similarity of the marks, the district court found that "the parties' marks share the same dominant and distinctive term: 'Dewberry'" and found "[t]he addition of the generic terms (e.g. 'group,' 'Studio,' 'Office,' etc.)" to Dewberry Group's new marks irrelevant. *Dewberry I*, 2021 WL 5217016, at *7. Dewberry Group offers a different analysis. In its view, "the marks in fact have different connotations" because Dewberry Engineers' "Dewberry" mark and design refers to a fruit while its own mark refers to its owner, John Dewberry. Opening Br. at 31. We disagree.

"[I]n evaluating the similarity of two marks, . . . the marks need only be sufficiently similar in appearance, with greater weight given to the dominant or salient portions of the marks." *Lone Star Steakhouse*, 43 F.3d at 936. The dominant portion of a trademark—that is, "whatever is most noticeable in actual conditions"—receives "more weight when assessing similarity because consumers are more likely to confuse marks with dominant similar features than marks with less noticeable similar features." *Grayson O*, 856 F.3d at 317. But courts "need not engage in a technical dissection" of the marks, because consumers "typically do not engage in" such "nuanced, piecemeal comparison[s]." *Id.*

The application of those principles to this case is straightforward. The parties' marks feature the word "Dewberry" in conjunction with other, more generic prefixes and suffixes (e.g., Dewberry "Engineers" versus Dewberry "Group" and "Studio" Dewberry). The district court was correct to isolate "Dewberry" as the dominant word. When Dewberry Group sought registration of its rebranded marks, like "Dewberry Living" and "Studio Dewberry," the USPTO required it to disclaim the right to the descriptive terms "Studio" and "Living," leaving "Dewberry" as the only distinctive element in both parties' marks. *See Pizzeria Uno*, 747 F.2d at 1529–30 (observing that where a mark consists of more than one word, the word which is not disclaimed is the dominant term); *see also In re Dixie Rests. Inc.*, 105 F.3d 1405, 1407 (Fed. Cir. 1997) (finding "delta" the dominant part of the mark "THE DELTA CAFÉ because CAFÉ was disclaimed"). The dominant term in the parties' marks is thus identical. "This identity of the dominant term in both marks is a strong indicator of that similarity in appearance and sound which would result in confusion." *Pizzeria Uno Corp.*, 747 F.2d at 1534. Therefore, the record does not support a genuine dispute that the marks are similar.

iii.

The district court also found the services that the marks identify sufficiently similar. *Dewberry I*, 2021 WL 5217016, at *8. Dewberry Group contests this conclusion, too, quibbling this time with the district court's focus on "the words listed in Dewberry Engineers' trademark registrations." Opening Br. at 32.

Had the district court looked elsewhere, Dewberry Group contends, it would have gleaned from the record that Dewberry Engineers provides architectural and engineering services on a wholly different level of the broad real estate market than Dewberry Group's real estate development business.

"With regard to this element, the products [and services] in question need not be identical or in direct competition with each other. Because confusion may arise even where products are merely 'related,' the court is to consider 'whether the public is likely to attribute the products and services to a single source.'" *Renaissance Greeting Cards, Inc. v. Dollar Tree Stores, Inc.*, 227 F. App'x 239, 244 (4th Cir. 2007) (unpublished) (quoting *CAE, Inc. v. Clean Air Eng'g, Inc.*, 267 F.3d 660, 679 (7th Cir. 2001)).

Dewberry Group is right to frame the question here as one about how the marks are used in the marketplace for their services. But, on that score, there is plenty of evidence demonstrating both parties' use of their "Dewberry" marks in related ways to generate real estate development business. Dewberry Group concedes its stake in the commercial real estate market. Dewberry Engineers, in comparison, competes no less in the real estate development services industry. Take, for example, the testimony of Joanna Legarreta, the director of real estate services for Providence Corporation. She testified that Providence Corporation does business as "Dewberry Real Estate Services" and provides services, such as "obtaining financing for property acquisition and construction" and "negotiating and arranging for the acquisition of property for development purpose," on behalf of Dewberry Engineers. J.A. 2829. Consider also John Dewberry's suggestion to Sid Dewberry, a co-founder of Dewberry

Engineers, that their two companies enter a partnership developing a real estate project in Virginia. This record evidence points not only to the relatedness of the parties' services, but to their relationship as complementary services as well. *See Comms. Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1253 (4th Cir. 1970) ("Complementary products, or services, are particularly vulnerable to confusion.").

iv.

The district court also evaluated the similarity of the parties' advertising. For this inquiry, a court may consider "[(1)] the media used, [(2)] the geographic areas in which advertising occurs, [(3)] the appearance of the advertisements, . . . [(4)] the content of the advertisements" and (5) the amount of advertising between the plaintiff and defendant. *Valador, Inc. v. HTC Corp.*, 241 F. Supp. 3d 650, 667 (E.D. Va.), *aff'd*, 707 F. App'x 138 (4th Cir. 2017). The district court concluded this factor favored a likelihood of confusion given that both companies market their services in Virginia, Florida, and Georgia; and "both parties promote their architectural and interior design services in *Architectural Record* magazine." *Dewberry I*, 2021 WL 5217016, at *8. Dewberry Group disputes this factor, arguing that the *Architectural Record* reference was to an article written about its hotel, not a solicited advertisement.

Putting the *Architectural Record* magazine dispute aside, the parties' advertisements appear in overlapping geographical areas. Dewberry Engineers and Dewberry Group display their marks on website designs, leasing signage, leasing packages, and letterhead. And as the district court noted, each markets its respective brands in Virginia, Florida, and

Georgia. That evidence also favors a likelihood of confusion.

Dewberry Group retorts that a genuine dispute exists because Dewberry Engineers uses social media to advertise its real estate services, while Dewberry Group does not. That Dewberry Engineers also markets on social media is not enough to create a genuine dispute. A disparity in the amount of advertising done by one party as compared to the other certainly may indicate dissimilarity in advertising. *See CareFirst*, 434 F.3d at 273 (noting that advertising was dissimilar where one party "spends less than $2,000 per year on advertising" and the other "spends millions of dollars every year"). But the fact that Dewberry Engineers advertises on social media does not indicate that it spends significantly more money on its advertising efforts than Dewberry Group. And considering the parties' disparate use of social media in comparison with the record evidence that each party markets in similar ways and in overlapping markets, at most this factor neither favors nor disfavors Dewberry Engineers' claim of confusion.

v.

The district court next found an intent to confuse or infringe. Intent may be inferred from the junior user's knowledge of the senior user's mark. *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651, 665 (4th Cir. 2018) (citation omitted). Following that reasoning the district court found that Dewberry Group not only knew of Dewberry Engineers' mark, but entered the CSA and then breached it in favor of its "re-branding" efforts, which re-purposed Dewberry Engineers' "Dewberry" mark. *Dewberry I*, 2021 WL 5217016, at *8. In view of these details, the court held this factor also "favors a finding of a likelihood of confusion." *Id.*

Dewberry Group advances two unpersuasive arguments why it believes the district court erred. It first contends that the district court did not construe the CSA drawing inferences in its favor. By Dewberry Group's reading, the CSA allows it to use other "Dewberry" marks because paragraph B.3 merely *permits* Dewberry Group to use the "Dewberry Capital" mark in connection with its real estate development business—it does not *proscribe* the use of other "Dewberry" marks. But we read the CSA as more restrictive than that. Elsewhere in the CSA, it ensures the priority of Dewberry Engineers' "Dewberry" trademark by eliminating Dewberry Group's ability to claim the right to use "Dewberry" beyond the permission expressed therein. And the CSA restricts Dewberry Group's use of "Dewberry" to the "Dewberry Capital" mark to real estate development services outside of Virginia, D.C., and Maryland.[2] When conducting business inside one of those three locations, Dewberry Group must use the "DCC" mark. None of that language strikes us as offering Dewberry Group free rein to use "Dewberry" as it pleases. To conclude otherwise would undermine the very purpose behind the CSA to settle Dewberry Engineers' prior claim that Dewberry group infringed its federal "Dewberry" trademark. *See Pocahontas Min. LLC v. CNX Gas*

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[2] This point also undermines Dewberry Group's claim that the district court gave no consideration to "Dewberry Engineers' explicit consent" in the CSA to Dewberry Group's use of the "Dewberry Capital" mark. Opening Br. at 27. Dewberry Engineers' "consent" was limited in scope. Whatever influence this isolated provision of the CSA has on this litigation, it cannot overcome the great weight of evidence favoring likelihood of confusion.

Co., LLC, 666 S.E.2d 527, 531 (Va. 2008) ("A court's primary focus in considering disputed contractual language is to determine the parties' intention, which should be ascertained, whenever possible, from the language the parties employed in their agreement.").

Second, Dewberry Group argues that its decision to engage in a trademark search prior to its name change is evidence of a genuine dispute about its intent. That evidence might lead to a reasonable inference of good faith had the parties not previously litigated these same issues and signed a CSA outlining Dewberry Engineers' right to its "Dewberry" trademark. On this record, however, Dewberry Group's breach of the CSA is compelling evidence of its intent to confuse and a strong indication that there is a likelihood of confusion. *See Pizzeria Uno Corp.*, 747 F.2d at 1535 ("If there is intent to confuse the buying public, this is strong evidence establishing likelihood of confusion, since one intending to profit from another's reputation generally attempts to make his signs, advertisements, etc., to resemble the other's so as deliberately to induce confusion.").

vi.

Finally, the district court was persuaded by the evidence of actual confusion in this case. The district court credited Dewberry Engineers' evidence of actual confusion: an expert survey finding that at least twenty percent of respondents confused "Dewberry Group" for "Dewberry Engineers" and specific instances where representatives from Dewberry Engineers' client, the University of Virginia, confused Dewberry Group for Dewberry Engineers. *Dewberry I*, 2021 WL 5217016, at *9. Because Dewberry Group rebutted that evidence only with immaterial distinctions rather than evidence of no confusion, the district court sided with Dewberry Engineers on this factor. We agree with the district court.

Although "[i]t is well established that no actual confusion is required to prove a case of trademark infringement," its presence "can be persuasive evidence relating to a likelihood of confusion." *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 263 (4th Cir. 2007). Conversely, "the absence of any evidence of actual confusion over a substantial period of time . . . creates a strong inference that there is no likelihood of confusion." *CareFirst*, 434 F.3d at 269. Actual confusion can be shown through survey evidence. *Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc.*, 87 F.3d 654, 661 (4th Cir. 1996).

On appeal, Dewberry Group reiterates its arguments below: each instance of confusion occurred prior to its rebrand and Dewberry Engineers never raised an issue of actual confusion before instituting this action, as required by the CSA. We reject both claims as the district court did. First, as the court noted, whether the actual confusion occurred before or after the rebrand does not meaningfully impact its relevance to this inquiry. If anything, the fact that Dewberry Engineers' clients confused the two *before* Dewberry Group rebranded would suggest that introducing more names using the "Dewberry" mark would lead to more confusion. Second, while in theory the fact that Dewberry Engineers never raised the issue of actual confusion with Dewberry Group might suggest an inference that none existed, it does not erase the actual instances of confusion in the record. Finally, even putting those points aside for the sake of considering facts in a light favorable to Dewberry

Group,[3] Dewberry Group still does not rebut Dewberry Engineers' survey evidence showing at least a twenty percent actual confusion rate, which alone serves as "clear evidence of actual confusion for purposes of summary judgment." *RXD Media, LLC*, 986 F.3d at 373 (a "confusion rate of 17 percent" is "clear evidence"). Thus, there is no genuine dispute on this factor.

b.

After considering these factors, the district court held that there was a likelihood of confusion between the parties' marks, even while acknowledging that they deal with sophisticated consumers. *Dewberry I*, 2021 WL 5217016, at *10. We agree. The parties share an identical, arbitrary dominant word and disclaim different suffixes (and prefixes in some cases) in the marks at issue. The record shows they also employ those marks in related, overlapping, and complementary services. Those details go some distance toward creating a likelihood of confusion as to the origin of either party's "Dewberry" mark. *See Pizzeria Uno Corp.*, 747 F.2d at 1530 (observing that where the dominant word is suggestive and is identical except for a different prefix in the challenged mark, there is sufficient similarity to create a likelihood of confusion if the products involved belong to the same general service); *see also Am. Throwing Co. v. Famous Bathrobe Co.*, 250 F.2d 377, 381 (CCPA 1957) (suggesting the same reasoning applies to arbitrary marks).

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[3] That said, there are more instances in the record. *See, e.g.*, J.A. 2725–29 (A businesswoman demanded compensation from Dewberry Engineers for injuries sustained at Dewberry Group's property); J.A. 2723–24 (A rental business contacted Dewberry Engineers about Dewberry Group's failure to pay a bill).

There is more yet. In this case, "public confusion will adversely affect [Dewberry Engineers'] ability to control [its] reputation among its laborers, lenders, investors, or other group[s] with whom [Dewberry Engineers] interacts." *Perini Corp.*, 915 F.2d at 128. In fact, the evidence suggests it already has. That much is clear from the brand confusion survey Dewberry Group did not contest below, or the uncontroverted instances of actual confusion among the public and Dewberry Engineers' own client. And we may infer intent to create all this confusion from Dewberry Group's brazen attempt to revamp its brand using "Dewberry" variations in geographic areas prohibited by the CSA. Even drawing reasonable inferences in Dewberry Group's favor, it offers too few record facts among its many arguments to undermine the evidence of confusion gathered by the district court. In other words, "no jury reasonably could have ruled" in Dewberry Group's favor. *RXD Media, LLC*, 986 F.3d at 375.

* * *

Because Dewberry Group does not offer persuasive arguments or record evidence to surmount the district court's analysis, we affirm the district court's finding of trademark infringement.

III.

Failing on the merits, Dewberry Group falls back on its objections to the remedies Dewberry Engineers received as compensation for Dewberry Group's infringement. The district court permanently enjoined Dewberry Group from using the "Dewberry" mark except in the manner permitted by the CSA. In addition, the district court ordered Dewberry Group to disgorge the $43 million of its profits that stemmed from

Dewberry Group's infringing activity. Then, the court awarded Dewberry Engineers reasonable attorneys' fees and costs as authorized by the Lanham Act. We review those decisions for an "abuse of discretion, accepting the court's factual findings absent clear error, while examining issues of law de novo." *Dixon v. Edwards*, 290 F.3d 699, 710 (4th Cir. 2002).

A.

Our review of the remedies the district court granted starts with its injunction order. The Lanham Act vests courts with the "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent" trademark infringement. 15 U.S.C. § 1116(a). In fact, we have held that an injunction is "the preferred remedy" for such infringements. *Lone Star Steakhouse*, 43 F.3d at 939 (citation omitted).

Because the district court found that Dewberry Group infringed Dewberry Engineers' "Dewberry" mark and breached its contract, it entered a permanent injunction order. It enjoined Dewberry Group from use of the "Dewberry" "name or mark" or "any name or mark" incorporating "Dewberry" "on or in connection with any real estate-related products or services, including but not limited to leasing of real estate, real estate investment, real estate management, real estate development, real estate site selection, architectural services, interior design and engineering services" except as already permitted by the CSA. *Dewberry III*, 2022 WL 1439105, at *5. This language, in Dewberry Group's view, is overly restrictive because it "essentially precludes Mr. Dewberry from using his surname in his commercial real estate development businesses." Opening Br. at 51. We do not share that view.

It is well-understood that "injunctive relief must not extend beyond the threatened injury." *Catalog Mktg. Servs., Ltd. v. Savitch*, 873 F.2d 1438 (4th Cir. 1989) (unpublished table opinion). And Dewberry Group is correct that courts are "reluctan[t]" to prevent individuals from using their own names in business. *See e.g., E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1288 (9th Cir. 1992). But the injunction language, read in context, merely enjoins Dewberry Group from violating the terms of the CSA to which it previously agreed. It does not, as Dewberry Group suggests, command it in terms beyond the scope of the CSA. And to the extent Dewberry Group finds the district court's order ambiguous, it "can always seek clarification or modification of the decree from the district court." *United States v. Apex Oil Co.*, 579 F.3d 734, 740 (7th Cir. 2009).

B.

1.

We decide next whether the district court erred in awarding disgorgement profits to Dewberry Engineers. In a successful trademark infringement action, the Lanham Act entitles a plaintiff "to recover (1) [the] defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." 15 U.S.C. § 1117(a). Further:

> The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum

> above the amount found as actual damages. . . . If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.

Id.

We have outlined six equitable factors for district courts to consider in connection with the disgorgement-of-profits remedy for infringement under 15 U.S.C. § 1117(a). These factors are: "(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off." *Synergistic Int'l,* 470 F.3d at 175.

There is no disagreement in this case that we confront a record lacking in evidence of diverted sales[4] or palming off.[5] Even still, the district court ordered

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[4] Without evidence of lost profits by Dewberry Engineers through diverted sales, Dewberry Group contends the disgorgement award does nothing but "punish [it] for supposedly misinterpreting both the Coexistence Agreement [i.e., the CSA] and the ability of a John Dewberry company to utilize his surname." Reply Br. at 17. Because this contention merely rehashes its failed merits argument that Dewberry Group did not breach the CSA, we are satisfied to reject it.

[5] Palming off "involves the issue of whether the defendant used its infringement of the plaintiff's mark to sell its products,

disgorgement. With respect to Dewberry Group's intent to confuse or deceive, the district court observed that Dewberry Group pursued its infringing activities despite several "red flags" cautioning against its conduct. *Dewberry II*, 2022 WL 1439826, at *8. These red flags ranged from Dewberry Group's own admissions prior to the CSA that the marks are confusingly similar, the CSA's terms, Dewberry Engineers' cease-and-desist letters, and the USPTO's denial of the "Dewberry Group" registration application. *Id.* at *2–4. We share the court's conclusion that Dewberry Group's conduct leaves little doubt of its intent to deceive. And, although Dewberry Engineers did not produce evidence of lost sales resulting from Dewberry Group's infringement, that factor still weighs in favor of disgorgement because "the parties operate in overlapping markets" and "market to the same kinds of parties." *Id.* at *8 (citation omitted).

Also favoring disgorgement is the need to compensate Dewberry Engineers for the damage to its "positive reputation" and the dilution of "its significant investment in its brand." *Id.* And because the injunction the district court entered would address only future infringement, we agree with the district court's reasoning that profit disgorgement is necessary to make Dewberry Engineers whole for the damage already done. *Id.* Finally, given the instances of actual consumer confusion in the record, the district court concluded that the public interest in making Dewberry Group's misconduct unprofitable favors disgorgement. *Id.* at *9. Taking these factors together, the district court found profit disgorgement

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misrepresenting to the public that the defendant's products were really those of the plaintiff." *Synergistic Int'l*, 470 F.3d at 176.

appropriate. We share that sentiment and discern no error so far.

Once it decided to disgorge profits, the district court needed to determine how much Dewberry Group profited from its infringing activities. The parties disagreed about which revenues belonged in this calculation in the proceedings below and again on appeal. The core dispute stems from Dewberry Group's relationship with its affiliates. According to Dewberry Group, it does not actually provide infringing services to third parties for a profit. Instead, it produces infringing branding for its affiliates, who in turn generate profits using that branding on their lease, loan, and other promotional materials. Due to this arrangement, Dewberry Group presented evidence that it "generated zero profits because the Dewberry Group, Inc. tax entity showed losses on its tax returns." *Id.* And while Dewberry Group conceded that it is responsible for the accounting and cash management for each of its affiliates, it argued "that it is not the 'economic engine that creates the revenue that flows'" to them. *Id.* (cleaned up).

On the other hand, Dewberry Engineers' expert, Rodney Bosco, testified that "Dewberry Group's real estate business is structured so that it and its employees promoted, managed, and operated all of the properties owned by the [affiliates], and did so using the Infringing Marks." *Id.* The district court observed that Dewberry Group's Executive Vice President of Finance "provided testimony consistent with Bosco's conclusions." *Id.*

Persuaded by Dewberry Engineers' position, the district court treated Dewberry Group and its affiliates as a single corporate entity for the purpose of calculating revenues generated by Dewberry Group's use of infringing marks. *Id.* at *10. In addition to weighing the expert testimony, the district court reasoned that "even though the [affiliates] do not and cannot perform the work and services necessary to generate revenues (but for limited exceptions at the hotel), all revenues generated through Dewberry Group, Inc.'s services show up exclusively on the [affiliates'] books." *Id.* at *9. Moreover, given that John Dewberry has contributed at least $23 million to cover Dewberry Group's extensive losses over the past thirty years, the court determined that the tax information showing only losses does not reflect the "economic reality" of Dewberry Group's relationship with its affiliates. *Id.* at *10

After Dewberry Engineers established Dewberry Group's infringing revenues, the burden shifted to Dewberry Group to present revenues unrelated to the infringement and the costs that should be deducted. *See* 15 U.S.C. § 1117(a). Dewberry Group met that burden only as to one of those categories. The district court reduced Dewberry Engineers' requested award of $53,719,657 to reflect Dewberry Group's evidence that some leases pre-dated the use of the infringing marks and that "Dewberry Engineers did not allege that the use of THE DEWBERRY® [hotel] for hospitality services is an infringement." *Dewberry II*, 2022 WL 1439826, at *13. Despite Dewberry Group's failure to calculate exact figures or provide evidence of deductions from infringement revenues for losses and expenses, the court equitably reduced the requested award by twenty percent, to $42,975,725.60. *Id.* at *13–14. We find no error of fact or law suggesting the district court's conclusions were an abuse of its discretion.

2.

Disagreeing with our view, Dewberry Group raises several problems it considers fatal to the district court's analysis. Yet none displace our conclusions.

Dewberry Group first questions the propriety of profit disgorgement considering, as it sees things, there was no evidence in the record of an intent to deceive. It cites *CareFirst*, for the proposition that an intent to deceive requires evidence of an "inten[t] to capitalize on the good will associated with the senior user's mark." 434 F.3d at 273. In *CareFirst*, the plaintiff argued that the defendant's "First Care" mark infringed its own "CareFirst" mark. *Id.* at 266. The plaintiff further claimed that the defendant's infringement amounted to bad faith, evidenced by the defendant's application for a state registration of its allegedly infringing mark a month after the plaintiff sued the defendant. *Id.* Rejecting that position, we held that "[t]he fact of the state application, in and of itself, simply does not show an intent to capitalize on the good will associated with CareFirst's mark." *Id.* Without more, we declined to "infer from this mere filing for state registration that First Care intended to capitalize on CareFirst's good will when this action would have done nothing to achieve that purpose." *Id.*

Our *CareFirst* decision is too factually dissimilar to this case to undermine the district court's finding that Dewberry Group intended to deceive the public. Unlike the state trademark application in *CareFirst*, the federal trademark applications Dewberry Group filed are not the only indicia of its bad faith. Before Dewberry Group decided to rebrand from Dewberry Capital, its general counsel performed a trademark search, but John Dewberry did not inform him of the

CSA. Then, Dewberry Engineers sent Dewberry Group multiple cease-and-desist letters demanding Dewberry Group's compliance with the CSA and raising anecdotal instances of actual confusion between their marks. Dewberry Group still pressed forward with its activities. Even the USPTO warned Dewberry Group that its sought-after marks resembled Dewberry Engineers' mark. What's more, there is evidence in the record that John Dewberry attempted to purchase Dewberry Engineers and suggested the two companies work together on a business venture. These facts suggest that Dewberry Group intended to use the "Dewberry" mark variants to rebrand and generate business for itself. Taken together, they support the district court's finding that Dewberry Group willfully infringed by using its rebranded "Dewberry" marks.

Dewberry Group also contends that the district court abused its discretion because it ignored evidence that the fees Dewberry Group earned were not attributable to the infringing marks. That criticism ignores the fact that the district court *did* consider Dewberry Group's evidence. The court detailed the opinions of Dewberry Group's expert witness, Lisa Miller, that "market factors" rather than brand recognition, drive a commercial tenant's decision to lease commercial property. *Dewberry II*, 2022 WL 1439826, at *11. It also mentioned that many Dewberry Group revenue streams came from prior existing leases. *Id.* at *12. But Dewberry Engineers' expert, Bosco, also opined that all the pre-existing leases used the infringing "Dewberry" marks, which could have contributed to their renewal or maintenance of the pre-infringement revenues. He further criticized Miller for failing to provide any basis for her conclusion that the infringing marks could not have contributed to the maintenance of pre-infringement revenue streams. Weighing Miller's testimony against Bosco's competing statements, the district court found Bosco's evidence more convincing.

There is more to Dewberry Group's concerns about Dewberry Engineers' disgorgement evidence, though. Dewberry Group posits that Bosco's testimony could not prove a connection between its infringing conduct and the revenues of its affiliates that used the infringing materials. A "plaintiff of course is not entitled to profits demonstrably not attributable to the unlawful use of his mark." *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 206 (1942). But Dewberry Group did not carry its burden to demonstrate that its profits were not so attributable, which is a question of fact to be determined by the district court and reviewed by this Court for clear error. *See Morris v. Wachovia Secs., Inc.*, 448 F.3d 268, 277 (4th Cir. 2006). Given Bosco's opinion that Miller did nothing to clearly demonstrate that there was no connection between the infringing materials and its revenues, the district court's factual finding that there was such a connection is not clearly erroneous.

Advancing a related critique, Dewberry Group asserts the district court failed to appreciate the corporate distinctions between Dewberry Group and its affiliates by piercing their corporate veils. But we view the district court's decision differently. Rather than pierce the corporate veil, the court considered the revenues of entities under common ownership with Dewberry Group in calculating Dewberry Group's true financial gain from its infringing activities that necessarily involved those affiliates. Dewberry Group argued below that its tax structure is such that it does not generate revenues from the real estate development efforts of its affiliates. Instead, it provides its affiliates with the infringing promotion materials, the affiliates engage in business using those materials, and then the affiliates pay Dewberry Group a fee for this internal service.

The district court relied on the Fifth Circuit's holding in *American Rice, Inc. v. Producers Rice Mill, Inc.* that the tax treatment of a corporate entity's infringing behavior is not a barrier to profit disgorgement. 518 F.3d 321, 340 (5th Cir. 2008). There, the defendant argued that the district court erred in considering profits that the defendant did not retain due to the nature of its business. *Id.* at 338. The plaintiff argued that the defendant's business structure was irrelevant to its disgorgement obligations as infringers, and the court agreed. *Id.* at 339. The Fifth Circuit found that the defendant clearly earned a profit on its sales, and that it passed those profits on to its patrons. *Id.* "The 'flow-through' of the profits to the farmers," it reasoned, "is certainly relevant to how [the defendant] is treated for tax purposes; however, [the defendant] cites no authority for the proposition that tax treatment is relevant to the Lanham Act remedies." *Id.* The court therefore held that "profits earned by [the defendant] are [the defendant's] profits for purposes of the Lanham Act, regardless of how such profits are passed on or how they are taxed." *Id.* at 340.

Dewberry Group protests the district court's reliance on *American Rice* because the defendant in that case earned a profit directly from the unlawful practices, and simply passed the profit off to another entity. In contrast, Dewberry Group never held any direct profits from its affiliates' uses of the infringing materials. While we recognize that distinction, we find *American Rice* more illuminating than distinguishable. Dewberry Group admits that it operates as a corporate shared-services entity under common, exclusive ownership with its affiliates. It provides financial accounting, human resources, legal services, and—of course—the infringing marks to those affiliates and their shared owner, John Dewberry. The affiliates then lease commercial property to commercial tenants for a profit using those marks. So, while Dewberry Group did not receive the revenues from its infringing behavior directly, it still *benefited* from its infringing relationship with its affiliates—just as the defendant in *American Rice* still benefited from its relationship with the farmers who received its passed-off infringement profits.

A district court's grant of profit disgorgement is "subject to the principles of equity," 15 U.S.C. § 1117(a), and is ultimately a matter of the court's discretion, *Synergistic Int'l*, 470 F.3d at 176. The district court here "weigh[ed] the equities of the dispute and exercise[d] its discretion" to hold Dewberry Group to account for the revenues generated in part from infringing materials used by its affiliates under common ownership. *Id.* Admonishing courts for using their discretion in this fashion risks handing potential trademark infringers the blueprint for using corporate formalities to insulate their infringement from financial consequences. That, of course, runs counter to Congress's fundamental desire to give trademark registrants under the Lanham Act "the greatest protection that can be given them." *Park 'N Fly, Inc.*, 469 U.S. at 193; *see also Am. Rice*, 518 F.3d at 340 (noting that "[t]he purpose of section 1117 is to take all the economic incentive out of trademark infringement").

In its remaining challenge to the disgorgement award, Dewberry Group claims that the district court's calculations were speculative and did not account for costs. To calculate the disgorgement award, the district court started with a "conservative" estimate of the revenues Bosco calculated for the infringement period, then it subtracted twenty percent from that number to account for pre-existing leases and revenues that theoretically might not have had any relation to the infringing activities. *Dewberry II*, 2022 WL 1439826, at *11–13. Any arbitrariness in that figure can be traced back to Dewberry Group's litigation strategy to deny *any* connection between its affiliates' revenues and its infringing marks. Dewberry Group offered *no* calculations for costs, nor did it provide calculations reflecting the distinction between infringing and non-infringing revenues. It was Dewberry Group's burden to provide this evidence, and we will not now fault the district court for the approximations it was forced to make.

In sum, we hold that the district court did not abuse its discretion in finding profit disgorgement appropriate in this case or in its disgorgement calculations.

C.

Finally, we evaluate the district court's decision to award attorneys' fees to Dewberry Engineers. In "exceptional cases" of federal trademark infringement, the prevailing party may be entitled to reasonable attorneys' fees. 15 U.S.C. § 1117(a). The district court considered this an exceptional case because it found "beyond a preponderance of the evidence that Dewberry Group engaged in bad faith, intentional misconduct." *Dewberry II*, 2022 WL 1439826, at *14. Dewberry Group argues that the district court misapplied the law because it did not consider whether "there is an unusual discrepancy in the merits of the positions taken by the parties, based on the non-prevailing party's position as either frivolous or objectively unreasonable" or whether "the non-prevailing party has litigated the case in an unreasonable manner." Opening Br. at 56 (citing *Verisign, Inc. v. XYZ.COM LLC*, 891 F.3d 483–84 (4th Cir. 2018)). But Dewberry Group's argument misinterprets the upshot of *Verisign*.

In *Verisign*, the Court held that "a prevailing party need only prove an exceptional case by a preponderance of the evidence" and clarified that "a prevailing party need not establish that the losing party acted in bad faith in order to prove an exceptional case." 891 F.3d at 482. It emphasized a prevailing party can prove an "exceptional case" by demonstrating that "there is an unusual discrepancy in the merits of the positions taken by the parties, based on the non-prevailing party's position as either frivolous or objectively unreasonable," that "the non-prevailing party has litigated the case in an unreasonable manner," *or* that "there is otherwise the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 483–84.

That language is disjunctive, not conjunctive. So, while the test includes the factors Dewberry Group points to, it does not require a prevailing party to demonstrate the presence of *all three* circumstances. The *Verisign* test instead draws from the Supreme Court's "nonexclusive list of factors" for use in determining whether to award attorneys' fees under a similar provision of the Copyright Act. *See Georgia-Pacific Consumer Prods. LP v. von Drehle Corp.*, 781 F.3d 710, 719–21 (4th Cir. 2015) (citing *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 & n.6 (2014)). And, as the third factor of the

Verisign test suggests, district courts are not constrained to follow a "precise rule or formula for making these determinations but instead equitable discretion should be exercised." *See Octane Fitness*, 572 U.S. at 554 (cleaned up) (rejecting Federal Circuit's attorneys' fees rule as "overly rigid").

Given the district court's findings that Dewberry Group "pervasively breached the CSA over Dewberry Engineers' objection, in contravention of its General Counsel's false assurances, and in the face of multiple red flags, which were cited by the Court on summary judgment," it found the award of attorneys' fees appropriate. *Dewberry II*, 2022 WL 1439826, at *14. It is clear to us that the district court awarded fees in its equitable discretion under the "particular circumstances to advance considerations of compensation and deterrence." *Verisign*, at 484. We find no error in its judgment.

IV.

After conducting a de novo review of the district court's summary judgment determination and finding no abuses of discretion in its awarded remedies, we affirm.

AFFIRMED

QUATTLEBAUM, Circuit Judge, concurring in part[1] and dissenting in part:

I disagree with the majority on two issues related to Dewberry Engineers' trademark infringement claim. First, it should be for the jury, not a judge, to decide whether the trademark is likely to create confusion. That element of Dewberry Engineers' claim is inherently fact-based and, under the record here, genuine disputes of material fact remain. And as a result, I would vacate the district court's order awarding Dewberry Engineers summary judgment along with the order awarding damages.

Second, even were summary judgment appropriate, the district court improperly awarded disgorgement of profits damages. The Lanham Act permits, under certain circumstances, a party that proves trademark infringement to recover the infringer's profits as damages. But in calculating those profits here, the district court added the profits of companies who—although affiliated with the Dewberry Group—are separate entities and not named defendants. That was improper. So even were Dewberry Engineers entitled to summary judgment, I would vacate the damages award and send it back for the district court to redo it.[2]

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[1] I join Part II–A of the majority opinion affirming the district court's order of summary judgment on Dewberry Engineers' breach of contract claim and Part II–B–1 of the majority opinion affirming the district court's rejection of the Dewberry Group's priority of use defense to Dewberry Engineers' trademark infringement claim.

[2] Since I would send the issue of likelihood of confusion to the jury, I would vacate the district court's damages award in its entirety. But were summary judgment on the trademark infringement claim appropriate, I would join the majority opinion in

I.

Liability for a Lanham Act violation requires, among other things, a finding of likelihood of confusion between the owner of a protected mark and the alleged infringer's mark. *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 267 (4th Cir. 2006). We have established the following nine, non-exhaustive factors to consider in evaluating likelihood of confusion:

> (1) the strength or distinctiveness of the plaintiff's mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.

Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 153 (4th Cir. 2012) (quoting *George & Co., LLC v. Imagination Ent. Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009)).

These non-exhaustive factors cannot be applied formulaically. *George & Co., LLC*, 575 F.3d at 393. And the factors "are [not all] of equal importance." *Id*. Given the test's flexibility, it is not surprising that likelihood of confusion is "frequently a fairly disputed

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Part III–A affirming the district court's order for injunction damages, Part III–B–1 affirming the district court's decision that Dewberry Engineers is entitled to disgorgement of profits damages and Part III–C affirming the district court's award of attorney's fees. Like the majority, I find no abuse of discretion as to those issues.

issue of fact on which reasonable minds may differ." *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651, 660 (4th Cir. 2018) (quoting *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 318 (4th Cir. 1992)). In fact

> This pivotal trademark issue is particularly amenable to resolution by a jury for two reasons. First, the jury, which represents a cross-section of consumers, is well-suited to evaluating whether an ordinary consumer would likely be confused. Second, the likelihood of consumer confusion is an inherently factual issue that depends on the unique facts and circumstances of each case. Likelihood of confusion is frequently a fairly disputed issue of fact on which reasonable minds may differ and has long been recognized to be a matter of varying human reactions to situations incapable of exact appraisement.

Anheuser-Busch, 962 F.2d at 318 (cleaned up).

Contrary to the conclusions of the district court and the majority, a jury—and not the court—should decide likelihood of confusion here. I agree that the similarity of the marks and the intent to infringe factors suggest a likelihood of confusion. And while the evidence of actual confusion is scant, what little exists favors finding a likelihood of confusion.[3] But in granting summary judgment, the district court concluded that the strength of the mark, the services the mark identifies, the similarity of advertising and the sophistication of Dewberry Engineers' customers all support

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[3] I also agree with the district court that the similarity of facilities and the quality of the Dewberry Group's products are not applicable here.

finding a likelihood of confusion. I disagree. As shown below, when the evidence is construed in the light most favorable to the Dewberry Group, as it must be at the summary judgment stage, there are genuine disputes of material fact on these issues as well as on the overall consideration of the likelihood of confusion factors. The jury—not the court—should decide whether there is a likelihood of confusion between the parties' marks.

A.

First, the strength of Dewberry Engineers' mark. This factor is "paramount in determining the likelihood of confusion since a consumer is unlikely to associate a weak or undistinctive mark with a unique source and consequently will not confuse the allegedly infringing mark with the senior mark." *Variety Stores, Inc.*, 888 F.3d at 661 (cleaned up). The key issue in the analysis of this factor is whether Dewberry Engineers' "Dewberry" mark is based on a surname or not. Surnames are descriptive marks[4], which "are not inherently distinctive" and "are accorded protection only if they have acquired a 'secondary meaning.'" *Grayson O Co. v. Agadir Int'l LLC*, 856 F.3d 307, 315 (4th Cir. 2017) (quoting *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464 (4th Cir. 1996)).

The district court held that this factor favored a likelihood of confusion because, "[t]aken as a whole, the mark and the 'berry' logo do not suggest a surname." *Dewberry Eng'rs, Inc. v. Dewberry Grp., Inc*.

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[4] *See Callman on Unfair Competition, Trademarks and Monopolies* § 26:37 (4th ed. 2017) ("The Lanham Act's ultimate test is whether the primary significance of the mark is that of a surname to the purchasing public. The classification is a question of fact.").

(*Dewberry I*), No. 20-cv-00610, 2021 WL 5217016 (E.D. Va. Aug. 11, 2021). It relied on the fact that the United States Patent and Trademark Office did not require proof of a secondary meaning which it requires for a descriptive mark and that "'Dewberry' neither suggests nor describes" Dewberry Engineers' services. *Id.* I agree there is some evidence in the record supporting the conclusion that "Dewberry" does not suggest a surname. But there is certainly evidence in the record that it does.

For starters, the founder of Dewberry Engineers is Sidney Dewberry. Since it began doing business in the 1950's, Dewberry has been in the name. It began as Greenhorne, O'Mara, Dewberry & Nealon. In 1968, it changed its name to Dewberry, Nealon & Davis. In 1981, the firm changed its name again, this time to Dewberry & Davis. Then in 2011, it changed its name to Dewberry Consultants. And finally, in 2017, the firm became known as Dewberry Engineers. So, for roughly 60 years, the firm has contained the name Dewberry. And for almost all of those 60 years, the surname Dewberry was combined with other surnames as named partners of the engineering firm.

True, "Dewberry" could refer to a fruit and not a name. But Dewberry Engineers' comparison of "Dewberry" to "Apple" is, to say the least, a stretch. Steve Jobs' last name was not Apple. Sidney Dewberry's last name is Dewberry. When this evidence is construed in the light most favorable to the Dewberry Group, a reasonable factfinder could infer that the most significant aspect of Dewberry Engineers' marks results from the surname Dewberry. And that would mean the marks are descriptive and thus entitled to less protection. Said differently, properly applying the summary judgment standard to the evidence here requires a conclusion that the strength of the mark factor weighs against, not for, likelihood of confusion.

B.

Second, consider the services the marks identify. This factor is measured by each party's "actual performance in the marketplace." *CareFirst of Md.*, 434 F.3d at 272. The district court found this factor weighed in favor of likelihood of confusion. In reaching this conclusion, it relied on the fact that Dewberry Engineers registered its mark under the real estate development and development related services category and that the Dewberry Group operates in that same area. *Dewberry I*, 2021 WL 5217016, at *8. While the evidence the court relied on may support its conclusion of overlapping services, it did not consider evidence pointing the other way.

The Dewberry Group introduced evidence that it develops properties like office buildings, shopping centers and hotels. In doing so, it acquires property, obtains financing for purchases and construction and supervises the construction and other improvements. Afterward, it leases its properties to third-party tenants and provides management services for those properties. In contrast, while perhaps under the larger umbrella of real estate development services, Dewberry Engineers primarily provides engineering and architectural services to government and commercial entities.[5] Even though they operate in some

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[5] True, Dewberry Engineers does some work that more closely resembles what the Dewberry Group does. Through the Providence Corporation, it operates as "Dewberry Real Estate Services," which "obtain[s] financing for property acquisition and construction" and "negotiat[es] and arrang[es] for the acquisition of property for development." J.A. 2829. But since its primary

of the same geographic areas, Dewberry Engineers and the Dewberry Group do not compete for business. In fact, the Dewberry Group once hired Dewberry Engineers to provide engineering services for one of the Dewberry Group's real estate development projects.

The district court did not consider any of this evidence. But when this evidence is construed in the light most favorable to the Dewberry Group, the similarity of services does not favor likelihood of confusion.

C.

Third, the district court found that the parties' advertising favored a likelihood of confusion largely because both Dewberry Engineers and the Dewberry Group operate and advertise in Virginia, Florida and Georgia and because both parties "promote[d] their architectural and interior design services in *Architectural Record* magazine." *Dewberry I*, 2021 WL 5217016, at *8. While I agree this evidence generally weighs in favor of similar advertising, the district court once again did not consider the record evidence suggesting the parties' advertising was dissimilar.

The Dewberry Group introduced evidence that Dewberry Engineers advertises through social media, electronic newsletters, conferences, trade shows, print media and press releases, all geared towards

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work is providing professional architectural and engineering services to third parties, the different levels in which the parties operate in the real estate system presents a question of fact on whether there would be a likelihood of confusion as to the marks in relation to the normal consumers of the marks. *See Homeowners Grp., Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1109 (6th Cir. 1991) ("The companies operate at different levels in the broad real estate industry and sell to two completely distinct sets of buyers.").

government and commercial entities that procure architectural and engineering services. It markets across the United States. Meanwhile, the Dewberry Group does not advertise through television, radio or print services. It does not advertise nationwide and does not market itself on social media. Instead, the Dewberry Group advertises through financial leasing packages to prospective tenants and internal fliers that are circulated to tenants within its developments. While both parties have websites that display the respective marks, there is still a genuine dispute of material fact for the jury to resolve as to the parties advertising.

This evidence, when construed in the light most favorable to the Dewberry Group, weighs against likelihood of confusion.

D.

Fourth, the sophistication of the consuming public can be a persuasive factor in the likelihood of confusion analysis. The district court appears to agree that Dewberry Engineers offers its services to sophisticated buyers, which cuts against Dewberry Engineers' motion for summary judgment. *Dewberry I*, 2021 WL 5217016, at *10–11. But it then reasoned that "it would not be appropriate to conclude that the sophistication of the buyer is dipositive, especially in cases where actual tenants—the buyers in question—have demonstrated confusion." *Id.* at *10. I agree that the sophistication of Dewberry Engineers' customers is not dispositive. Even so, applying the summary judgment standard, their sophistication weighs against likelihood of confusion. *See Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 128 (4th Cir. 1990) ("[W]e hold that in a market with extremely sophisticated buyers, the likelihood of consumer confusion cannot be presumed on the basis of the similarity in trade name alone, particularly without the benefit of trial.").

E.

To summarize, as we have said in the past, weighing the likelihood of confusion factors generally involves genuine disputes of material fact. *Variety Stores, Inc.*, 888 F.3d at 666; *Anheuser-Busch, Inc.*, 962 F.2d at 318. That is because not all the factors are required to be considered or given the same importance. *George & Co., LLC*, 575 F.3d at 393. Thus, by its very nature, the application of these factors will involve weighing evidence and crediting certain evidence over others. But doing that is inappropriate at the summary judgment stage of the case. *Variety Stores, Inc.*, 888 F.3d at 659.

And aside from weighing the factors, the evidence pertaining to each factor must be construed in the light most favorable to the non-moving party. *Id*. 661–67. When that is done here, many of the factors the district court determined weighed in favor of likelihood of confusion actually point the other way. *See id.* at 666–67 (finding that although five of the factors favored the plaintiff, four of the factors—including the paramount "strength of the mark"—showed a genuine dispute of material fact, requiring the order granting summary judgment on trademark infringement to be vacated). Under this record, the issue of likelihood of confusion should go to the jury. As a result, I would vacate the order granting summary judgment to Dewberry Engineers on its trademark violation claim, along with the order of damages relating to that claim and remand the case for further proceedings.

II.

But even were summary judgment on the trademark infringement claims proper, the district court's use of revenues from separate companies affiliated with the Dewberry Group—who are not parties to the case—to assess the profits of the Dewberry Group was not. Relying on testimony from an expert witness of Dewberry Engineers, the court held that the Dewberry Group and its affiliated entities "will be treated as a single corporate entity when calculating the revenues and profits generated by [the Dewberry Group's] use of the Infringing Marks." *Dewberry Eng'rs, Inc. v. Dewberry Grp., Inc.* (*Dewberry II*), No. 20-cv-00610, 2022 WL 1439826, at *10 (E.D. Va. Mar. 2, 2022). It cited the Fifth Circuit's *American Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321 (5th Cir. 2008), decision as support for this holding. And it reasoned that to do otherwise, would "ignore the economic reality of how [the Dewberry Group's] business operates" and "undermine the equitable purposes of the Lanham Act's disgorgement remedy by enabling the entire Dewberry Group enterprise to evade the financial consequences of its willful, bad faith infringement." *Dewberry II*, 2022 WL 1439826, at *9–10.

The majority affirms this portion of the district court's order. It claims 15 U.S.C. § 1117(a)'s "subject to the principles of equity" language justifies including revenues from the related companies. And it reasons that "[a]dmonishing courts for using their discretion in this fashion risks handing potential trademark infringers the blueprint for using corporate formalities to insulate their infringement from financial consequences." Majority Op. at 42–43.

But the law does not insulate the Dewberry Group or any related entities that might have infringed on Dewberry Engineers' marks. There is no loophole that lets these entities infringe with impunity. If the corporations affiliated with the Dewberry Group participated in infringing activity, they would be subject to the reach of the Lanham Act. All Dewberry Engineers had to do was sue them. Or it could also try to pierce the Dewberry Group's corporate veil to eliminate the corporate separateness between it and those entities.[6] But I know of no law that allows courts, in assessing the profits of a defendant, to disregard those options and simply add the revenues from non-parties to a defendant's revenues for purposes of evaluating the defendant's profits. After all, § 1117(a) speaks to the infringer's profits. And Dewberry Engineers alleges that the Dewberry Group, not third parties, was the infringer.

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[6] Assuming without deciding that Virginia law applies, piercing the corporate veil requires the trial court to consider "the particular factual circumstances surrounding the corporation and the acts in question." *O'Hazza v. Executive Credit Corp.*, 431 S.E.2d 318, 321 (Va. 1993). For example, in *O'Hazza* the court considered the initial capitalization, whether corporate formalities were disregarded, whether the corporation was started for a legitimate purpose and whether monetary funds were improperly accessed. *Id.* at 321–22. Virginia law has not designated a single fact or set of facts necessary to pierce the corporate veil, but it is generally appropriate to do so when an individual uses the corporate entity "to evade a personal obligation, to perpetrate fraud or a crime, to commit an injustice, or to gain an unfair advantage" or if there is "unity of interest and ownership . . . such that the separate personalities of the corporation and the individual no longer exist and to adhere to that separateness would work an injustice." *Dana v. 313 Freemason*, 587 S.E.2d 548, 553–54 (Va. 2003) (cleaned up). However, Virginia courts are "very reluctant to permit corporate veil piercing." *Id.* at 554.

American Rice does not support Dewberry Engineers' claim that revenues from companies affiliated with the Dewberry Group can be considered in its disgorgement claim. There, the defendant, Producers Rice Mill, was a cooperative that realized profits during the infringing time period. When the plaintiff sought to disgorge those profits, Producers Rice Mill claimed its liability should be reduced based on the amount of those profits that it had passed on to its member farmers. *American Rice*, 518 F.3d at 326. The Fifth Circuit held that profits generated by Producers Rice Mill and later distributed to its members were nevertheless Producers Rice Mill's profits. *Id.* at 339–40. That makes sense. In deciding an infringer's net profits, legitimate costs can be deducted. But amounts distributed to members are not a cost. So *American Rice* deals with what costs can be deducted to determine an infringer's net profits. It does not say anything about using the revenues of separate companies to calculate net profits.

Unlike in *American Rice*, the revenues from the affiliated companies were never realized by the Dewberry Group. Nor did the district court hold that the Dewberry Group distributed profits it realized to its affiliated entities. To the contrary, because of what it described as "the economic reality of how [the Dewberry Group's] business operates," it treated the Dewberry Group and the related companies—which it acknowledged were separate corporate entities—as a single entity. *Dewberry II*, 2022 WL 1439826, at *9. *American Rice* offers no support for such a ruling. The district court's consideration of those revenues was incorrect as a matter of law.

III.

Because I find that the district court did not properly consider the likelihood of confusion factors in the light most favorable to the Dewberry Group, I would vacate the order granting summary judgment as to Dewberry Engineers' trademark infringement claim and the order granting the injunctive, disgorgement of profits and attorney's fees relief. And even were the order granting summary judgment proper, I would vacate the award for disgorgement of profits award based on the improper consideration of revenues from separate, non-party entities affiliated with the Dewberry Group.

I respectfully dissent.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA Alexandria Division

DEWBERRY ENGINEERS, INC., *Plaintiff,* v. DEWBERRY GROUP, INC., *Defendant*.	Civil Action No. 1:20-cv-00610 Hon. Liam O'Grady Mar. 2, 2022

ORDER

This matter comes before the Court after a three-day bench trial held on October 12th–14th, 2021, in the above-captioned action. The trial was limited to the sole issue of the appropriate quantum of damages to be awarded to Plaintiff Dewberry Engineers' Inc., *see* Dkt. 175 at 1, as the Court had previously granted Plaintiff's Motion for Summary Judgment, *see* Dkt. 174.

The parties subsequently submitted Proposed Findings of Fact and Conclusions of Law, Dkt. 238, Dkt. 239, and their respective Oppositions, Dkt. 245, Dkt. 246. Having taken all this under advisement, the Court holds the following.

I. BACKGROUND

A. Procedural Background

On May 29, 2020, Plaintiff Dewberry Engineers, Inc. ("Plaintiff" or "Dewberry Engineers") sued Defendant Dewberry Group, Inc. ("Defendant" or "Dewberry Group") for trademark infringement and unfair competition under the Lanham Act and Virginia law. Dkt. 1. It also asserted breach of a 2007 Confidential Settlement Agreement ("CSA") that resolved litigation between these same parties in 2006-07 (the "Prior Litigation"), when Plaintiff sued Defendant for infringing the same marks at issue now. The present claims relate to Defendant's rebranding from "Dewberry Capital" to "Dewberry Group," "Studio Dewberry," "Dewberry Office," and "Dewberry Living" (collectively, the "Infringing Marks").

In its Answer, Dewberry Group asserted counterclaims attacking Dewberry Engineers' federally registered service marks (the "Dewberry Marks") on the same grounds it raised in the Prior Litigation. Dkt. 19 at 3. The Court dismissed the counterclaims as plainly "barred by the [CSA]," which prohibited "the exact type of challenges [Defendant] is currently attempting to raise," finding that Defendant had also "misstate[d]" governing law and "ignor[ed] an entire paragraph of the CSA itself." *Id.* at 3-4.

The Court granted summary judgment in Dewberry Engineers' favor on all five counts of its Complaint, and denied Dewberry Group's cross-motion. Dkt. 174. On the contract claim, the Court found the CSA unambiguous. *Id.* at 4. Dewberry Group breached ¶ B.6 by using "Dewberry" marks many times to promote and perform architectural-related services. *Id.* at 4–7. It repeatedly breached ¶ B.3 by performing real estate development-related services using a "Dewberry" mark instead of "DCC" in Virginia. *Id.* at 8–10. It also breached ¶ B.2 by rebranding to the Infringing Marks and using them in connection with promoting, offering, and performing real estate development services. *Id.* at 8–10, 15. Under ¶ B.2, "Dewberry Capital" was the only "Dewberry" name that Defendant could use for such services—and only outside of Virginia, Maryland, or D.C.—thus giving Defendant a limited "safe harbor" from infringement. *Id.* Paragraph B.10 further narrowed that safe harbor to require use of the column/capital logo depicted in that paragraph together with "Dewberry Capital." *Id.* at 2, 7–10. Accordingly, Defendant's repeated uses of "Dewberry" marks without the column/capital logo breached ¶ B.10. *Id.*

The Court additionally found Dewberry Group liable for infringing the Dewberry Marks, holding that "no reasonable jury could, based on the evidence presented, find that no likelihood of confusion exists between the parties." *Id.* at 10–19. The Court also found that the infringement was intentional in view of the plain language of the CSA, *id.* at 15–16, 19, and harms Dewberry Engineers, which had invested substantially in its marks and developed positive associations for quality and expertise. *Id.* at 18–19. The confusion with Defendant "at best dilutes this investment," and "[m]ore concerning, Defendant's negative publicity damages [Dewberry's positive] reputational standing." *Id.* at 19. Having granted summary judgment to Dewberry Engineers on liability, the Court limited the scope of trial to "the appropriate quantum of damages to be awarded." Dkt. 175.

The Court denied Dewberry Group's motion for partial reconsideration. Dkt. 205. The Court also permanently enjoined Dewberry Group, and any others "in active concert or participation with" Defendant, from continuing the unlawful infringement. Dkt. 229 at 9. The Court stayed the injunction until final judgment. Dkt. 208.

The Court then heard a three-day bench trial on the sole issue of damages. Dkt. 175. The trial was held October 12th–14th, 2021. At trial, Dewberry Engineers called damages expert Rodney Bosco, and relied on its admitted documentary evidence and deposition designations. Dewberry Group called Elizabeth Armstrong (its Director of Brand Development), David Groce (its former General Counsel), John Freeman (its Executive Vice President of Finance), John Dewberry (its Founder and CEO), and Lisa Miller (its damages expert). At the close of evidence, Defendant moved for Judgment on Partial Findings under Fed. R. Civ. P. 52(c), which Plaintiff opposed, and the Court denied. Day 3 A.M. Tr. 123:3–9.

B. <u>Factual Background</u>

The Court finds the following facts relevant to the profits disgorgement remedy owed to Plaintiff.

1. Dewberry Group's infringement was intentional and ignored numerous red flags alerting it to the illegality of its conduct.

While proof of willful, intentional, or bad-faith infringement is not a prerequisite to profits disgorgement, the infringer's mental state is, nonetheless, "a highly important consideration" in awarding profits under the Lanham Act. *Romag Fasteners, Inc. v. Fossil Inc.*, 140 S. Ct. 1492, 1497 (2020). On summary judgment, the Court found Defendant's infringement to have been intentional. Dkt. 174 at 15-16, 19. The trial produced further evidence of Defendant's willfulness and bad faith. It showed that Dewberry Group encountered but ignored a succession of multiple "red flag" facts and circumstances alerting it to the illegality of its conduct, and had ample financial motivation for doing so.

The first red flag is Defendant's admissions before and during the pre-trial litigation that its use of "Dewberry" would cause confusion in the marketplace with Dewberry Engineers. Those historic admissions are still relevant because Defendant's development-related services have remained largely the same since 2004. John Dewberry Dep. Tr. [Dkt. 218-4] at 47:20–49:6.

In February 2006, Defendant, which then went by "Dewberry Capital," filed an application with the U.S. Patent and Trademark Office ("PTO") to register that name as a service mark for various real estate services. PX 73 at TSDR 901–02. The application was filed by Defendant's attorney Joseph V. "Jay" Myers, III of Seyfarth Shaw LLP. *Id.* at 903.

Two weeks later, Myers sent Dewberry Engineers a demand letter accusing it of trademark infringement, insisting that the *registered* Dewberry Marks were "extremely similar to" Defendant's *unregistered* "Dewberry Capital" mark "because of the common use of the predominant element 'Dewberry' and because the companies' services "are legally related . . . and travel in the same channels of commerce . . . ." PX 76 at 1–2. Thus, according to Defendant, "a likelihood of confusion or mistake exists between the parties' respective marks." *Id.* at 2.

At trial, John Dewberry tried to distance himself from this letter, testifying that "I don't believe" its contents. Day 2 P.M. Tr. 109:6-14. Yet John Dewberry did not dispute the letter's contents, he (not Hodgson) was copied on it, and he agreed that Defendant had retained Myers. PX 76 at 2; Day 2 P.M. Tr. 107:8-108:20.

Indeed, instead of backing off his position, John Dewberry offered to purchase Dewberry Engineers multiple times, which Dewberry Engineers rejected. PX 85 at 1; PX 89 at 1. John Dewberry admittedly made those offers. Day 2 P.M. Tr. 78:21–79:6. He tried to characterize them as a friendly gesture, *id.,* but his offers reveal a desire to obtain a connection with Dewberry Engineers and its marks, consistent with a motive to infringe.

The second red flag is that, in August 2006, the PTO rejected Defendant's "Dewberry Capital" application due to a likelihood of confusion with the Dewberry Marks. PX 73 at TSDR 0884–86. The PTO found the parties' marks to be virtually identical, sharing "the same dominant feature, namely DEWBERRY," and noted that "the parties' services are identical and highly related real estate services." *Id.* at 0885–86. These grounds for refusal are virtually identical to the PTO's grounds for refusing Defendant's subsequent unlawful "Dewberry" applications at issue in the present case.

The third red flag is the 2007 Confidential Settlement Agreement. The Court's summary judgment order found that Defendant repeatedly breached the CSA when it rebranded to the Infringing Marks, and cited those breaches as evidence of Defendant's intentional infringement. The Court explained that "Defendant was aware of Plaintiff's mark, entered into the CSA but breached the agreement as part of its 'rebranding' efforts, and then re-adopted the Plaintiffs 'Dewberry' mark." Dkt. 174 at 15–16, 19. Dewberry Group's defense, that the CSA gave it consent to use "'Dewberry' in general," was "meritless" because the unambiguous "CSA, in fact, says the opposite." *Id.* at 4, 15–16. This red flag is noteworthy given the pervasiveness of Defendant's unlawful uses of "Dewberry" marks discussed in the Summary Judgment Order, and reinforced by the evidence at trial.

Consistent with John Dewberry's pattern of claiming ignorance, when asked at trial whether he had read the CSA that he signed, his answer was, "probably not." Day 2 P.M. Tr. 82:23–84:12. Even if true, however, Dewberry Group remains bound by the CSA. When John Dewberry became aware of the CSA's restrictions, he said he "was not happy" to learn that it did not give both parties "equal rights" to use "Dewberry" for real estate development services because "that's what [he] wanted it to say." Day 2 P.M. Tr. 84:11-85:13. That admission reveals his awareness and dislike of the very CSA provisions that Defendant breached repeatedly, thus providing further evidence of willful and intentional infringement.

Despite the CSA's "Dewberry Capital" safe harbor and prohibition on using other "Dewberry" names, John Dewberry decided to jettison "Capital" in 2017 because he no longer liked its financial connotations. In a September 6, 2017 email, John Dewberry ordered his staff to rebrand to "Dewberry Group" and "Studiodewberry." PX 303; Day 2 P.M. Tr. 92:20–93:5.[7] He also wanted to register a "Dewberry Group" mark with the PTO, but first asked his General Counsel, David Groce, to "do a search" for that name, because Mr. Dewberry had been through "this thing before" (i.e., the Prior Litigation). PX 303; Day 2 P.M. Tr. 94:2–15. Yet John Dewberry never informed Groce about the prior litigation and the resulting CSA.

Two days later, Groce filed a "Dewberry Group" service mark application with the PTO for real estate development and related services. PX 302 at TSDR 0961–66; Day 2 A.M. Tr. 22:3–18. Groce emailed John

Dewberry and others about this. PX 303. When Groce later learned of the Prior Litigation and CSA after receiving a cease-and-desist letter from Dewberry, he was "very, very surprised" and "embarrass[ed]," and apologetically agreed to abandon the application. PX 329; Day 2 A.M. Tr. 25:2–25:25, 59:14–61:4. The Court finds that John Dewberry's failure to inform Groce about the prior litigation and the CSA is further evidence of willfulness, as John Dewberry hoped that neither Groce nor Dewberry Engineers would raise objections that could hinder his desired rebranding.

The fourth red flag is that, when Groce nevertheless found Dewberry Engineers and the Dewberry Marks during his research and alerted John Dewberry and nine other colleagues, John Dewberry ignored it. John Dewberry testified that, "once I asked [David] Groce to do this [search], I kind of left it with him." Day 2 P.M. Tr. 98:10–18. When asked whether Groce performed the search as instructed, John Dewberry stated, ". . . I hope so. I was a little bit in the dark [on] what David [Groce] was doing, and I think he was keeping me that way on purpose." *Id.*, 124:22–25. That testimony is undercut by Groce's email which, despite heavy redaction, reveals that he did inform John Dewberry about finding Dewberry in the search. PX 301.

The fifth red flag is that, on December 19, 2017, a PTO examining attorney called Groce to explain her refusal of the "Dewberry Group" application, including its confusing similarity to the Dewberry Marks. PX 302 at TSDR 0938–39. The next day, the PTO informed Defendant of the refusal in an Office Action sent to Groce. *Id.* The PTO found that "Dewberry Group" and the Dewberry Marks were confusingly similar because of the "dominant wording

DEWBERRY" and similarity of the parties' services. *Id.* And this confusion could not be eliminated by using other descriptors, such as the "descriptive disclaimed wording GROUP," or by adding "a design element." *Id.* at TSDR 0939.

The Court finds that Groce's testimony throughout the trial was not credible. In particular, regarding the PTO's rejection, it strains credulity that Groce would clearly remember minor details, but have no recollection of the PTO's far more significant denial on confusion grounds with the Dewberry Marks. Similarly, the Court finds that John Dewberry's testimony throughout trial was not credible. John Dewberry testified that he "wasn't being kept abreast" of the PTO application or rejection, claiming that "I've never seen any of this stuff until you showed it to me today." Day 2 P.M. Tr. 99:22-100:6, 125:12-19. This professed ignorance is not credible. At best, his ignorance amounts to willful blindness.

The sixth red flag is that, a week after the PTO rejected "Dewberry Group," Plaintiff sent Defendant a cease-and-desist letter, demanding that it halt its efforts to register "Dewberry Group," which breached the CSA and reflected an intent to infringe. PX 321 at 1-3. Groce claimed this letter to be the first time he learned of the Prior Litigation and the CSA. Day 2 A.M. Tr. 24:2–25:8. John Dewberry once again pleaded ignorance and tried to blame his General Counsel: "David [Groce] may have, you know, been hiding [the letter] from me because he was afraid or something." Day 2 P.M. Tr. 98:19–99:3. This denial is no more credible than his many others, and Groce could not corroborate it given Defendant's election to invoke privilege. Day 2 A.M. Tr at 76:14–77:4. But even if it were true, it is more willful blindness.

The seventh red flag is that, in his January 11, 2018 apologetic response to Dewberry Engineer's cease-and-desist letter, Groce promised "to abandon our application" and "not to attempt to register the term DEWBERRY GROUP for real estate development services" or "to use the term in connection with any present or future real estate development or related services in Virginia, Maryland, or the District of Columbia" in violation of the CSA or Dewberry Marks. PX 329; *Id.* at 26:9–30:2, 90:20–92:24.

Despite all of these red flags, Defendant forged ahead with its rebranding. For example, in the same month as Groce's apologetic letter, Defendant promoted its architectural services for "Studio Dewberry" (a violation of the CSA). In February 2018, Defendant sent "Dewberry Group" marketing materials to prospective tenants, PX 343. In March 2018, Defendant used "Dewberry Capital" and "Studio Dewberry" in negotiations to purchase land from the owner of property in Charlottesville, Virginia. PX 348. Day 2 A.M. Tr. 94:20-97:11. Also in March 2018, Dewberry Group sent to its third-party brokers a branding guide directing them to use the Infringing Marks in "existing and future marketing materials." PX 350; Day 1 P.M. Tr. 91:15–92:12. The same month, Defendant used "Dewberry Group" in leasing materials sent to multiple prospective tenants in Charleston and Atlanta. PX 347; PX 349; PX 354. A month later, John Dewberry approved the decision to "continue with the Dewberry Group logo on all new leasing materials." PX 366; Day 1 P.M. Tr. 109:19–110:7.

Elizabeth Armstrong confirmed the high business and economic value Dewberry Group placed on rebranding to the Infringing Marks. *Id.*; Day 1 P.M. Tr. 112:19–114:19, 132:11–133:19; Armstrong Dep. Tr.

[Dkt. 218-1] 305:4-306:14. She explained that the Infringing Marks, as a brand, were far superior to the abandoned "Dewberry Capital" mark and logo, and "really bring[] all of the properties and hotel together." *Id.*, 133:1–19. Indeed, Dewberry Group considered promotion of its services under the infringing "Studio Dewberry" mark to be a "top priority" as a "huge differentiator" from competing firms, to be highlighted "on any item we design." PX 338 at 05_DG-0247065; PX 344 at 05_DG-0246956. Defendant's perceived value of the rebranding was thus a strong motive to continue moving forward despite the ever-increasing red flags.

In April 2018, Dewberry Group applied to register the full suite of Infringing Marks with the PTO. PX 359 at TSDR 1315–17; PX 360 at TSDR 1726–31; PX 361 at TSDR 1897–02; PX 362 at TSDR 2209–11; Day 2 A.M. Tr. 35:21–38:3, 40:12–41:13. It did so without any notice to Dewberry Engineers. PX 329; Day 2 A.M. Tr. 111:2–10. Abandoning the column logo in breach of CSA ¶ B.10, Defendant added a "D"-in-a-circle design element to three of those marks. *Id.* In addition to breaching the CSA, given the PTO's prior warning that adding a design element to "Dewberry Group" would not eliminate confusion with the Dewberry Marks, PX 302 at TSDR 0939, Defendant had to know its latest applications were likewise confusingly similar. Its General Counsel even conceded that "Dewberry"—Plaintiff's registered mark—is the "common denominator" of all the Infringing Marks. Day 2 A.M. Tr. 101:4-22.

Groce did not perform any risk evaluations prior to Defendant's filing to register the Infringing Marks. Groce Dep. Tr. [Dkt. 218-6] at 52:3–21. In fact, after Dewberry Engineers' December 2017 cease-and-desist letter to Defendant and Groce's apologetic reply, he was essentially stripped of responsibility for the "direction and management of the dispute" with Dewberry Engineers and prosecution of the Infringing Marks, as such matters were turned over to outside counsel. Day 2 A.M. Tr. 38:5–17. Groce similarly claims to have been uninvolved with Defendant's rebranding, testifying that "I was not personally involved" or "personally familiar" with the "rebranding effort" or what "anybody else was doing" for it. *Id.*, 35:10–20. Like his other pleas of ignorance, Groce's purported lack of awareness here is troubling.

<u>The eighth red flag</u> is that, Dewberry Engineers sent another cease-and-desist letter in June 2018, PX 373, but Dewberry Group still refused to abandon the Infringing Marks. PX 374. In July 2018, Dewberry Engineers sent another letter, reiterating its objections to the Infringing Marks, informing Dewberry Group of actual confusion between the parties occurring "in both the Charlottesville area and the Northern Virginia area," and requesting a response within 21 days. PX 376; Day 2 A.M. Tr. 112:19–115:14. Defendant ignored the letter and continued with its rebranding and use of the Infringing Marks. E.g., PX 377, PX 379.

<u>The ninth and final red flag</u> is that, less than two weeks after Dewberry Group's third cease-and-desist letter, the PTO rejected Defendant's "Studio Dewberry" application as confusingly similar to the Dewberry Marks, finding the marks to be "similar in sound, appearance and commercial impression as a result of the term 'DEWBERRY"; that the parties' services were related; and that the term "Studio" was merely descriptive and had to be disclaimed. PX 361 at TSDR 1859–63; Day 2 A.M. Tr. 107:11–109:16.

Such confusion findings echo those in the PTO's refusals of "Dewberry Group" six months earlier and of "Dewberry Capital" in 2006. *Compare* PX 361 at TSDR 1859–63, *with* PX 302 at TSDR 0938–42, and PX 73 at TSDR 0884–86.

Having received no response to its July 13 letter, Dewberry Engineers submitted Letters of Protest to the PTO providing evidence as to why the three remaining Infringing Marks should also be refused on confusion grounds. PX 359 at TSDR 1169; PX 360 at TSDR 1648; PX 362 at TSDR 2103. In the ensuing months, the PTO refused those marks on substantially the same confusion grounds as it rejected "Studio Dewberry," as Groce acknowledged. PX 359 at TSDR 1132–68; PX 360 at TSDR 1611–47; PX 362 at TSDR 2066–02; Day 2 A.M. Tr. 111:11–18.

Dewberry Group challenged the refusals, but the PTO rejected them as "unpersuasive," along with Defendant's multiple requests for reconsideration. PX 359 at TSDR 0980–82, 1033–53; PX 360 at TSDR 1460–62, 1512-32; PX 362 at TSDR 1915–17, 1967–87. The PTO's refusals of the Infringing Marks for confusion with the Dewberry Marks—just like the 2017 and 2006 refusals—were more obvious red flags. Again professing ignorance, John Dewberry said he "wasn't being kept abreast" of the applications for the Infringing Marks or the PTO's responses: "I've never seen any of this stuff until you showed it to me today." Day 2 P.M. Tr. 99:22–100:6; 125:12–19. This testimony, like his other denials, is not credible. But even if true, it would be yet another example of willful blindness.

2. Despite these numerous red flags, Dewberry Group forged ahead with its continued use of the Infringing Marks.

Despite these additional red flags throughout 2018 and 2019, Dewberry Group pressed forward. In May 2019, Defendant officially changed its name from "Dewberry Capital Corporation" to "Dewberry Group, Inc." with Georgia's Secretary of State. PX 472; Day 2 A.M. Tr. 7:23–25. It also distributed numerous leasing packages to prospective tenants and their brokers and loan request packages to lenders. *See*, *e.g.*, PXs 379, 385-87, 389-91. These leasing and loan packages all feature the Infringing Marks and promote Dewberry Group's portfolio of properties. Dewberry Group used the Infringing Marks with current tenants, too, such as in letters to its Oyster Park tenants soliciting advertisements on its new "large [Dewberry Living] Monument sign." PX 403. By January 2019, Dewberry Group had launched its new website plus its new "Dewberry Group" letterhead and email signature blocks with the Infringing Marks, *see*, *e.g.,* PX 433, PX 438. Also in 2019, Dewberry Group updated signage at multiple properties to feature the Infringing Marks, *see*, *e.g.,* PX 639, PX 646, PX 645. And, Dewberry Group continued using "Dewberry Capital" and the Infringing Marks in Virginia for development in additional ways the Court has previously deemed unlawful.

In sum, this evidence shows that Defendant pervasively engaged in the very types of acts and services the Court determined to be clear breaches of the CSA and infringement of the Dewberry Marks. That Defendant did so in the face of the numerous red flags demonstrates that its infringement was intentional, willful, and in bad faith. Further, for the numerous reasons previously stated, the Court finds that the testimony of David Groce and John Dewberry throughout trial was not credible. At best, their feigned ignorance amounts to willful blindness on behalf of Dewberry Group.

II. LEGAL STANDARD

Plaintiff Dewberry Engineers brings its case for profits disgorgement under the Lanham Act. The purposes of the Lanham Act include to "regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce . . . [and] to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks . . ." 15 U.S.C. § 1127

15 U.S.C. § 1117(a)—Recovery for violation of rights under the Lanham Act—provides:

> . . . The Court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either

> of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

The purpose of this provision allowing plaintiff to recover the infringing defendant's profits is to take all the economic incentive out of trademark infringement. *See American Rice, Inc. v. Producers Rice Mill, Inc.,* 518 F.3d 321, 340 (5th Cir. 2008).

The Fourth Circuit outlines six equitable factors for a district court to consider in connection with the disgorgement-of-profits remedy for infringement under 15 U.S.C. § 117(a). These factors are: "(1) whether the defendant had the intent to confuse or deceive, (2) whether sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting his rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off." *Synergistic International, LLC v. Korman,* 470 F.3d 162, 175 (4th Cir. 2006). *See also Banjo Buddies, Inc. v. Renosky,* 399 F.3d 168, 176 (3d Cir. 2005); *Quick Techs., Inc. v. Sage Group PLC,* 313 F.3d 338, 349 (5th Cir. 2002) (identifying these same six factors). These factors are not exhaustive, and the Court may consider additional factors. *See Synergistic,* 470 F.3d at 176. Further, a plaintiff need not establish all factors to be awarded profits. *See Variety Stores, Inc. v. Walmart Inc.,* 852 Fed. Appx. 711, 721 (2021).

III. DISCUSSION

In determining the proper amount of the disgorgement remedy to award to Dewberry Engineers, the Court considers numerous issues raised at trial and in the post-trial filings. These issues include: whether the *Synergistic* factors weigh in favor of disgorgement; whether Dewberry Group and the "Ownership Entities" are to be considered a single corporate entity; whether Bosco's revenue calculations are overinclusive; and whether Defendant carried its burden to prove costs or deductions claimed. The Court addresses each of these in turn.

A. **The *Synergistic* factors favor a disgorgement of profits remedy.**

In considering the "*Synergistic* factors" outlined by the Fourth Circuit, the Court finds that five of the six factors are applicable, and that a profit disgorgement remedy is appropriate in this case.

The first *Synergistic* factor, whether the defendant had the intent to confuse or deceive, "addresses whether there has been a willful infringement on the trademark rights of the plaintiff, or whether the defendant has acted in bad faith." *Synergistic Intern.,* 470 F.3d at 175. In awarding summary judgment to Dewberry Engineers, the Court held that the intent factor in the likelihood-of-confusion analysis weighs in Dewberry Engineers' favor. Dkt. 174 at 15–16, 19. As discussed above, the evidence at trial further demonstrated that Defendant's infringement was not only intentional, but also willful and in bad faith. Ignoring just a few infringement red flags—let alone a long succession of them as Defendant did—has been held to establish willful and bad faith infringement. *See Variety Stores,* 852 F. App'x at 723. Indeed, where, as here, one of the red flags includes "obligations under [a] Settlement Agreement . . . to refrain from using [a] mark," it represents "not merely a case of knowing and deliberate infringement," but "a total disregard of a specific promise" that amounts to "bad faith." *Am.*

Farm Bureau Fed'n v. Ala. Farmers Fed'n, 935 F. Supp. 1533, 1553 (M.D. Ala. 1996).

The second *Synergistic* factor, whether sales have been diverted, evaluates "whether the plaintiff lost sales as a result of the defendant's trademark infringement activities, and the extent to which the plaintiff had entered the market area where the infringement occurred." 470 F.3d at 175. In its summary judgment order, the Court already established that "the parties operate in overlapping markets" and "market to the same kinds of parties," Dkt. 174 at 14–15, 19; thus, the second *Synergistic* factor also favors disgorgement. Although Dewberry Engineers has not provided direct evidence of lost sales, this is not required under the Lanham Act. *See, e.g., Exclaim Mktg., LLC v. DirecTV, LLC*, 674 F. App'x 250, 257 (4th Cir. 2016) (rejecting infringer's argument that disgorgement was improper in the absence of evidence of actual diverted sales).

The third *Synergistic* factor, the adequacy of other remedies, also favors Dewberry Engineers. This factor considers "whether another remedy, such as an injunction, might more appropriately correct any injury the plaintiff suffered from the defendant's infringement activities," in lieu of disgorgement. 470 F.3d at 176. The injunction entered in this case will only address future harm to Dewberry Engineers, not past injuries. *See Mazelmints, Inc. v. It's A Wrap, LLC,* No. 1:10-CV-1117, 2011 WL 2960873, at *5 (E.D. Va. July 20, 2011) ("[P]ast harm cannot be cured via an injunction."). The Court's summary judgment and injunction rulings found that the confusion created by the infringement has injured Dewberry Engineers' positive reputation and diluted its significant investment in its brand. Only disgorgement of Dewberry Group's profits can redress Dewberry Engineers' unquantifiable but real reputational damage. Additionally, Dewberry Group's use of the Infringing Mark in the face of myriad red flags discussed above and attempts to justify such infringement through contorted readings of the CSA indicate that an injunction alone is likely insufficient to deter all future infringement.

The fourth *Synergistic* factor, any unreasonable delay by the plaintiff in asserting its rights, "addresses the temporal issue of whether the plaintiff waited too long, after the infringement activities began, before seeking court relief." 470 F.3d at 176. Dewberry Group's summary judgment motion asserted an unreasonable delay based on the two years between Dewberry's filing suit and Defendant's applications for the Infringing Marks, Dkt. 71 at 32. But the Court denied Defendant's motion, and the argument fares no better now.

Dewberry Engineers did not sit on its hands after Dewberry Group filed applications for the Infringing Marks. As discussed above, Dewberry Engineers promptly sent cease-and-desist letters, and when Dewberry Group ignored them, Dewberry Engineers filed Letters of Protest opposing the applications which the PTO acted on. Courts have found that pursuing an opposition in the USPTO can excuse a delay in filing suit on a Lanham Act claim. *See e.g., Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, No. 5:14-CV-217, 2016 WL 6906704, at *3 (E.D.N.C. Nov. 22, 2016), *vacated and remanded on other grounds*, 888 F.3d 651 (4th Cir. 2018) (2.5 year delay in suit not unreasonable delay given plaintiff's PTO opposition to infringing applications); *Exclaim Mktg., LLC v. DirecTV, LLC,* 674 F. App'x 250, 257-58 (4th Cir. 2016) (affirming enhanced profits award despite four-year delay in filing suit). *See also Gaudreau v. Am. Promotional Events, Inc.,* 511 F. Supp. 2d 152, 159 (D.D.C. 2007) ("Numerous courts have recognized that pursuing an opposition in the USPTO excuses delay in filing suit on a Lanham Act claim.")

The fifth *Synergistic* factor, the public interest in making the misconduct unprofitable, "addresses the balance that a court should strike between a plaintiff's right to be compensated for the defendant's trademark infringement activities, and the statutory right of the defendant to not be assessed a penalty." 470 F.3d at 176. Infringing "behavior . . . interferes with the consumer's ability to make informed purchasing decisions." *Banjo Buddies, Inc. v. Renosky,* 399 F.3d 168, 176 (3d Cir. 2005). The Court has already found that Dewberry Group's infringement caused actual consumer confusion, Dkt. 174 at 16-19. Furthermore, Dewberry Group generated millions while using the Infringing Marks between 2018 and 2020. The Court acknowledges that there is a public interest in making such conduct unprofitable. *See American Rice,* 518 F.3d at 340 ("[T]he purpose of section 1117 is to take all the economic incentive out of trademark infringement.") (internal citation omitted).

The sixth and final *Synergistic* factor, whether it is a case of palming off, "involves the issue of whether the defendant used its infringement of the plaintiff's mark to sell its products, misrepresenting to the public that the defendant's products were really those of the plaintiff." 470 F.3d at 176. Both Plaintiff and Defendant agree that this is not a case of palming off, and the Court agrees. But a plaintiff need not establish all factors to be awarded profits. *See Variety Stores, Inc.,* 852 Fed. Appx. at 721.

In sum, the Court finds that five of the six *Synergistic* factors outlined by the Fourth Circuit favor Plaintiff Dewberry Engineers in this case. Therefore, the Court finds that a profit disgorgement remedy is appropriate here.

B. Dewberry Group and the "Ownership Entities" are considered a single corporate entity.

The parties disagree on whether the Court should consider, as Defendant urges, only the revenues and profits reported on the tax returns of the single corporate entity Dewberry Group, Inc., or as Plaintiff argues, the revenues and profits that were generated and collected by the Dewberry Group real estate business, through the services and managerial efforts of Dewberry Group and its employees and ultimately distributed to affiliated, single-purpose entities owning properties managed and serviced by Dewberry Group (collectively, the "Ownership Entities"). It is undisputed that John Dewberry owns outright and/or controls Dewberry Group and the Ownership Entities.

As a preliminary matter, Dewberry Group states that the Court already held that the Ownership Entities are "third parties, separated by the corporate veil." Dkt. 174 at 6. While the Court did use this phrase, evidence further developed at trial has proven it to be inaccurate. This phrase did not control the Court's holding in the summary judgment order and does not govern the Court's analysis here.

Defendant's expert witness, Lisa Miller, looked at corporate formalities and tax reporting to conclude that all of the revenue shown on the books of the Ownership Entities should be excluded. Day 3 A.M. Tr. 32:13–33:17. She further opined that Defendant generated zero profits because the Dewberry Group, Inc. tax entity showed losses on its tax returns. *Id.*, 35:5–18; DX 511. Dewberry Group argues that it is responsible for the accounting and cash management for each separate Ownership Entity, which includes logging debits and credits for each separate entity and maintaining each separate entity's bank account; however, Dewberry Group argues that it is not the "economic engine that creates the revenue that flows to these Ownership Entities." Tr. [Doc. 233] at 12:1-8.

In contrast to Defendant's reliance on corporate formalities and tax reporting, Plaintiffs expert witness, Rodney Bosco, looked at the economic reality of how the Defendant's business actually operates. In Bosco's opinion, when the evidence of Dewberry Group's business and financial operations is considered from an economic perspective, it supports consideration of the total revenues and profits of the combined Dewberry Group real estate business. Bosco explained that Dewberry Group's real estate business is structured so that it and its employees promoted, managed, and operated all of the properties owned by the Ownership Entities, and did so using the Infringing Marks. *Id.* Dewberry Group's Executive Vice President of Finance, John Freeman, provided testimony consistent with Bosco's conclusions. Day 2 P.M. Tr. 6:7–10:21; Freeman Dep. Tr. [Dkt. 218-5] at 68:12–70:9, 81:8–82:22, 91:14–92:8, 97:4–99:6, 103:13–105:17, 135:1-13. And, even though the Ownership Entities do not and cannot perform the work and services necessary to generate revenues (but for limited exceptions at the hotel), all revenues generated through Dewberry Group, Inc.'s services show up exclusively on the Ownership Entities' books. Day 1 P.M. Tr. 9:9–10:17 (Bosco).

Furthermore, John Dewberry has contributed at least $23 million to cover Dewberry Group, Inc.'s massive losses over the past 30 years. PX 690, ¶ 42; PX 710, ¶ 73; Day 2 P.M. Tr. 16:1-9 (Freeman). Because no real estate or other business could continue as a going concern after decades of losses like these, Bosco rationally concluded that Dewberry Group, Inc.'s tax returns, standing alone, do not tell the whole economic story. PX 690, ¶¶ 12–17; 40–51; PX 710, ¶¶ 40–43; Day 1 A.M. Tr. 69:4–70:13.

Bosco's analysis is supported by ample evidence, and the Court concurs with his analysis. The Court acknowledges the economic reality that, but-for the revenue generated by the Ownership Entities, Dewberry Group as a single tax entity would not exist.

The Court further finds that *American Rice* is instructive. In that case, the Fifth Circuit held that profits earned by a cooperative are "profits" for the purposes of the Lanham Act, regardless of how they may be passed on to members or how they are taxed. *American Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 339 (5th Cir. 2008). On appeal, defendant argued that the district court erred in considering profits as a recoverable Lanham Act damage item because, due to the nature of its business, defendant retained no profits; rather, they flowed through to the member farmers. The plaintiff argued that defendant's business structure is irrelevant to its obligations as infringers, and the Fifth Circuit agreed. *Id.* The Fifth Circuit found that defendant clearly earned a profit on its sales, and that it passed the profits on to its patrons. "The 'flow-through' of the profits to the farms is certainly relevant to how [defendant] is treated for tax purposes; however, [defendant] cites no authority for the proposition that tax treatment is relevant to the Lanham Act remedies." *Id.* The Fifth Circuit therefore held that "profits earned by [defendant] are [defendant's] profits for purposes of the Lanham Act, regardless of how such profits are passed on or how they are taxed." *Id.* at 340. *See also Fifty-Six Hope Road Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1076 (9th Cir. 2015) (upholding district court's refusal to reduce an infringer's profit disgorgement based on royalty fees paid to another entity where "the royalty fee arrangement was not an arms' length transaction"); *Aladdin Manufacturing Co. v. Mantle Lamp Co.,* 116 F.2d 708, 713 (7th Cir. 1941) (holding that an infringer cannot reduce the profits it must pay for infringement by distributing those profits to partners or shareholders); 5 McCarthy on Trademarks and Unfair Competition § 30:69 ("[P]rofits earned by . . . a cooperative are 'profits' for purposes of the Lanham Act, regardless of how they may be passed on to members or how they are taxed.").

The Court therefore holds that Dewberry Group, Inc. and its Ownership Entities will be treated as a single corporate entity when calculating the revenues and profits generated by Defendant's use of the Infringing Marks. Again, the equitable purpose underlying the Lanham Act's disgorgement remedy is to prevent unjust enrichment and "take all the economic incentive out of trademark infringement." *Am. Rice,* 518 F.3d at 340. Consistent with the legal authority cited above, this Court will not allow the non-arms' length corporate dealings and tax treatment of Dewberry Group's business enterprise to trump the economic reality of its profit infringement. To hold otherwise would not only ignore the economic reality of how Defendant's business operates, but also undermine the equitable purposes of the Lanham Act's disgorgement remedy by enabling the entire Dewberry

Group enterprise to evade the financial consequences of its willful, bad faith infringement. That Plaintiff did not name the Ownership Entities as defendants or allege contributory infringement or alter-ego liability is of no moment. The courts in *American Rice*, *Aladdin*, and *Fifty-Six Hope Road Music* and others did not impose such requirements.

C. <u>Bosco's revenue calculations are over-inclusive</u>.

Plaintiff's expert witness, Rodney Bosco, calculated the total profits attributable to Dewberry Group's use of the Infringing Marks during the infringement period to be $53,719,657. PX 710, ¶ 61 & Fig. 3 (Revised); Day 1 A.M. Tr. 50:4–22.

By contrast, Defendant's expert witness Lisa Miller claimed that little or none of the Dewberry Group's revenues at issue were attributable to the use of the Infringing Marks. In particular, she noted that all of Dewberry Group's revenues and profits should be excluded based on her finding that leases with *some* tenants were signed before the infringement began, or that communications with some other tenants occurred before the infringement began. Day 3 A.M. Tr. 28:13–30:11. From this, Miller concluded that *none* of the revenues or profits from any property rentals could be related to infringement. *Id.*, 28:13–30:11. Miller further argued that numerous other market factors weigh on a prospective commercial tenant's decision to lease a commercial property.

As for the Dewberry Hotel revenues, Miller opined that they should be completely excluded because, in her view, the hotel does not use the Infringing Marks. *Id.*, 41:9–11. And as for parking revenues, Miller opined that they should be completely excluded because those revenues are either: (1) related to tenant leases; or (2) paid by transient parkers who, in her view, would not consider names, marks, signs, or reputations in considering where to park. *Id.*, 95:22–96:1.

The Court addresses each of these arguments in turn. As a preliminary matter, the Court acknowledges that profits disgorgement under the Lanham Act is a remedy sounding in equity, allowing courts to adjust an award up or down as circumstances demand. 15 U.S.C. § 1117. "[A] trial court, in assessing the issue of damages under 15 U.S.C. § 1117(a), should weigh the equities of the dispute and exercise its discretion on whether an award is appropriate and, if so, the amount thereof." *Synergistic Intern.,* 470 F.3d at 176. The Court acknowledges that it does not provide a precise mathematical calculation of the profits earned by Dewberry Group, but rather weighs the equities in determining the appropriate disgorgement remedy.

The Court further acknowledges that Bosco conservatively evaluated the infringement period. Bosco determined a starting date for the infringement at each of the Dewberry Group properties relying on Defendant's loan and leasing materials (among other materials) bearing the Infringing Marks, and identifying each starting date in his report. PX 690, ¶¶ 27–31, Fig. 1, 2 & App. A (PX 692); Day 1 P.M. Tr. 6:9–8:9. Bosco did not start the infringement period for any Dewberry Group property until the month after the first documented use of the Infringing Marks that he observed at each property. Day 1 A.M. Tr. 52:19–54:6, 55:18–56:6. Bosco could not use start dates prior to January 2018 because Dewberry Group did not produce profit-and-loss statements for any periods before

January 2018. Day 1 A.M. Tr. 5:21-6:3. Bosco observed evidence showing first uses of the Infringing Marks for properties that were earlier than the dates reflected in his reports (e.g., PX 343 for Peachtree Pointe; PX 347 for Dorchester Square; PX 379 for Ortega Park). Day 1 P.M. Tr. 16:9–19:1. What's more, the December 31,2020 end date for Bosco's calculation of Dewberry Group's revenues and profits is also conservative, as the infringement has continued through today. Dewberry Group did not produce any profit-and-loss statements for 2021. Day 1 P.M. Tr. 4:23–5:2, 19:2–6.

Recognizing this, the Court turns to the specific issues with Bosco's calculations as raised by Defendant Dewberry Group.

First, the Court reviews profits earned by the Dewberry Group Properties other than the Dewberry Hotel. Bosco's Revised Supplemental Expert Report indicates that total profits earned from these properties while using the Infringing Marks from 2018–2020 is $47,427,117. PX 710, ¶ 61 & Fig. 3 (Revised). However, the Court acknowledges that some leases within these properties were indeed signed before the period of infringement began. The Court agrees that the relevant Ownership Entities and their lessees therefore had preexisting performance obligations as a result of these pre-existing leases. These resulting streams of revenue were already in place and were therefore unlikely to be the direct result of Dewberry Group's use of the Infringing Marks. At the same time, the Court acknowledges that, once the Infringing Marks were put into place, Dewberry Group had an ongoing and active relationship with its lessees. These Infringing Marks allowed the Ownership Entities to maintain the existing contractual relationship with, and the revenue received from, a tenant—although the relationship and revenue had been previously established.

The Court finds the fact that some these leases were in place prior to the period of infringement should decrease the total disgorgement award due to Dewberry Engineers. However, because of the large number of leases signed in total throughout all of the Dewberry Group Properties, and because of the many variances in the rental cost and timeline of each lease, it is not possible for the Court to be exact in its determination of the financial impact of the Infringing Marks. Because the revenues earned from these preexisting leases cannot be fully attributed to the Infringing Marks, the disgorgement award will be reduced accordingly under the principles of equity.

Second, the Court addresses the profits earned from the Dewberry Hotel. Bosco's Revised Supplemental Expert Report indicates that profits earned from The Dewberry Charleston Hotel while using the Infringing Marks from 2018–2020 total $6,292,540. PX 710 Revisions Figure 3. Defendant notes that Plaintiff does not allege that the use of THE DEWBERRY® for hospitality services is an infringement. Moreover, Defendant argues, the Infringing Marks are not used in connection with hospitality services associated with the hotel. *See* Dkt. 238 at 29. Plaintiff argues, by contrast, that Bosco included its revenues because Dewberry Group used Infringing Marks in connection with financing and promoting the hotel (e.g., negotiations and communications with investors, PX 292, 497; loan solicitations, PXs 414–16, 434, 473, 590; in Architectural Record magazine), and in loan packages for other properties featuring the hotel. PX 389 at 27; PX 532 at 29; *see also* Day 1 P.M. Tr. 11:22–14:7. Dewberry Group's Director of Brand

Development, Elizabeth Armstrong, further testified that the Infringing Marks "really bring[] all of the properties and hotel together" as part of "one unified brand," and that the hotel is advertised on Dewberry Group's website. Day 1 P.M. Tr. 79:7–9; 133:1–19. The Court acknowledges that Plaintiff Dewberry Engineers did not allege that the use of THE DEWBERRY® for hospitality services is an infringement. Further, an average patron of the hotel would not know it to be in any way associated with the Infringing Marks. Therefore, the Court finds that the full profit from the hotel of $6,292,540 from 2018–2020 as calculated by Bosco should not be disgorged in its entirety. The Court will reduce the award in light of this.

Third and finally, the Court addresses Miller's argument that the parking revenues should be excluded completely because those revenues are either: (1) related to tenant leases; or (2) paid by transient parkers who would not consider names, marks, signs, or reputations in considering where to park. The Court agrees with Plaintiff that Miller's basing this assertion solely on her own personal parking experiences in Atlanta is insufficient. Day 3 A.M. Tr. 94:23–96:1. Her position is also undermined by evidence that Dewberry Group promotes and performs its parking services under its Infringing Marks. *E.g.,* PX 341; PX 483; PX 484; *see also* PX 710, ¶¶ 80–83. The Court therefore finds that Dewberry Group's efforts to exclude parking revenues are unavailing.

In summary, under the principles of equity set forth under the Lanham Act, the Court will award a portion of the revenues generated during the infringement period as calculated by Bosco. This reduction to Plaintiffs requested award acknowledges the fact that some leases pre-dated the use of the Infringing Marks, and that attributing the full revenue from these leases is therefore inappropriate. Similarly, Plaintiff did not allege that the use of THE DEWBERRY® for hospitality services is an infringement, an average patron of the hotel would not know it to be in any way associated with the Infringing Marks. Given all this, the Court will reduce the total award to Plaintiff by twenty percent.

D. The burden was upon Dewberry Group to prove costs or deductions claimed.

Finally, the Court notes that, after Dewberry Engineers established Dewberry Group's revenues during the infringement period, the burden shifted to Dewberry Group to prove (1) any costs or deductions from those revenues, 15 U.S.C. § 1117(a) and (2) any revenues that had "no relation" to the infringement. The language of the Lanham Act could not be clearer: "In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed." 15 U.S.C. § 1117(a). *See also Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316* U.S. 203, 206–07 (1942) ("The burden is the infringer's to prove that his infringement had no cash value in sales made by him."); *American Rice,* 518 F.3d at 337 ("[T]he Act allows the plaintiff to recover the defendant's profits based on proof of the defendant's sales. Once the plaintiff establishes the defendant's sales, then it is the defendant's burden to prove all elements of cost or deduction claimed.").

Dewberry Group failed to carry its twin burdens of proof on deductions (such as reasonable expenses) and non-infringement revenues. Defendant's expert, Miller, did no analysis of Defendant's expenses.

Instead, she argued only that "no revenues left that apply to the alleged use of the marks." DX 168 at 21. Based on that unsupported position, Miller did no analysis of Defendant's expenses and no calculation of Defendant's actual profits; Miller conceded she "did no actual calculations" regarding expense items used to ratchet profit down to zero, and "did not do a profits analysis," simply because she had already (wrongly) concluded there were zero infringement-related revenues. Day 3 A.M. Tr. 46:25–47:16; 59:15–18.

That Defendant declined to do this analysis puts both the Defendant and the Court at a disadvantage. Rather than rely on specific calculations of appropriate deductions set forth by the Defendant, the Court must instead rely on more general notions of equity, as discussed above, and determine its disgorgement award accordingly.

E. <u>This is an exceptional case warranting attorneys' fees.</u>

Finally, the Court finds that this is an "exceptional case" under the Lanham Act, thus warranting attorneys' fee-shifting. In *Verisign, Inc. v. XYZ.COM LLC,* 891 F.3d 481 (4th Cir. 2018), the Fourth Circuit explained that: (1) the requisite standard of proof is only a "preponderance of the evidence;" and (2) an "exceptional" case is one "presenting either subjective bad faith or exceptionally meritless claims" that "while not necessarily independently sanctionable—is nonetheless so 'exceptional' as to justify an award of fees." *Id.* at 485, 487 (internal citations omitted). Thus, while proof of willful or bad faith infringement is no longer necessary, such conduct clearly remains the hallmark of an "exceptional" case. This Court has observed that proof of "an intent to infringe or deliberate disregard for the rights of the mark holder" is sufficient to make a case "exceptional." *Mazelmints,* 2011 WL 2960873, at *5.

The record here demonstrates beyond a preponderance of the evidence that Dewberry Group engaged in bad faith, intentional misconduct. Dewberry Group pervasively breached the CSA over Dewberry Engineers' objection, in contravention of its General Counsel's false assurances, and in the face of multiple red flags, which were cited by the Court on summary judgment, Dkt. 174 at 14–15, and bolstered at trial. Courts have held that where a defendant infringes a mark in disregard of clear obligations under a settlement agreement like the CSA, that the case is "exceptional." *E.g.*, *Mya Saray, LLC v. Al-Amir,* 831 F. Supp. 2d 922, 937 (E.D. Va. 2011) ("[T]he defendants' . . . intentional breach of the Settlement Agreement [restricting defendants from using plaintiff's trademarks] make this case exceptional" under the Lanham Act).

IV. CONCLUSION

Dewberry Group continuously disregarded Dewberry Engineers' trademark and contractual rights. Rather than abide by the outcome of the Prior Litigation and CSA, Defendant jettisoned the only "Dewberry" mark and logo allowed by the CSA, and then brazenly rolled out and used four separate infringing marks and sought federal trademarks for them. Ignoring red flags including the Prior Litigation, Defendant's own acknowledgements of confusion risks, the CSA, concerns raised by its employees, cease-and-desist letters from Dewberry, and multiple PTO refusals, Dewberry Group barreled ahead with its unlawful, all-encompassing rebranding. The Court finds that, in addition to enforcing the already-entered permanent injunction, ordering disgorgement of profits and attorneys' fee shifting is necessary to deter Dewberry Group from continuing its wrongdoing, and ensure that it doesn't unjustly benefit from four years' use of the Infringing Marks.

The purpose of the provision of the Lanham Act allowing plaintiff to recover the infringing defendant's profits is to take all the economic incentive out of trademark infringement. *See American Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 340 (5th Cir. 2008). "[A] trial court, in assessing the issue of damages under 15 U.S.C. § 1117(a), should weigh the equities of the dispute and exercise its discretion on whether an award is appropriate and, if so, the amount thereof." *Synergistic Intern.,* 470 F.3d at 176.

The Court applies these principles here, to find that an award of $42,975,725.60 to Plaintiff Dewberry Engineers is appropriate. This is a twenty percent reduction from Plaintiff's requested award of $53,719,657. This reduction accounts for the fact that some leases in the Dewberry Group Properties predated the use of the Infringing Marks, and that Plaintiff did not allege that the use of THE DEWBERRY® for hospitality services is an infringement. Again, the Court notes that Defendant failed to calculate its own expenses and non-infringement related revenues. Because Defendant failed to carry its burden, and because the Court cannot be exact in its determination of the financial impact of the Infringing Marks for the reasons previously discussed, it must instead rely on more general notions of equity and determine its disgorgement award accordingly.

In conclusion, the Court **AWARDS Plaintiff Dewberry Engineers $42,975,725.60 in damages**.

As discussed above, the Court also finds that this is an exceptional case warranting attorneys' fees. Plaintiff is directed to file a separate motion indicating the attorneys' hours worked with particularity, the billing rates of the attorneys involved, and an affidavit of reasonableness from a Northern Virginia practitioner.

Finally, this Order is filed under seal. The Court intends to unseal this Order in 10 days. If the parties would like any part of the Order to remain under seal, they should promptly file a motion.

It is **SO ORDERED**.

March 2 , 2022	/s/ Liam O'Grady
Alexandria, Virginia	Liam O'Grady
	United States District Judge

APPENDIX C

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA Alexandria Division

DEWBERRY ENGINEERS, INC., *Plaintiff*, v. DEWBERRY GROUP, INC. F/K/A/ DEWBERRY CAPITAL CORPORATION, *Defendant*.	Case No. 1:20-cv-00610 Hon. Liam O'Grady Aug. 11, 2021

ORDER

This matter comes before the Court on Plaintiff's Motion for Summary Judgment (Dkt. 78) and on Defendant's Motion for Summary Judgment (Dkt. 70). The Court held a hearing on this Motion on July 30, 2021. For the reasons provided herein, Plaintiffs Motion for Summary Judgment is hereby **GRANTED,** and Defendant's Motion for Summary Judgment is hereby **DENIED.**

I. BACKGROUND

In 2006, Parties entered into a confidential settlement agreement ("CSA") which set out terms for the use of the Dewberry name. Dkt. 81-2. According to the terms of the CSA,

> [e]xcept as provided in Paragraph B.3 . . . [Defendant] may use the DEWBERRY CAPITAL name and mark in connection with its

> promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties.

Id. at § B(2). Additionally,

> [Defendant] will not use the word Dewberry in the name of, or as a mark for, and architectural and/or engineering company or in connection with any [such] services.

Id at § B(2). Plaintiff, on the other hand "may use its Dewberry marks and names at any time for any services or products it chooses throughout the United States and elsewhere." *Id.* at § B(4). The CSA also stipulated that "where feasible, [Defendant] shall continue to use its column logo in its current format" and that "[Defendant] shall not use any logo or design mark that depicts a "dewberry" or "berry". *Id.* at § B(10)

In 2016, without informing Plaintiff, Defendant rebranded from "Dewberry Capital" to "Dewberry Group." Defendant also adopted three "sub-brands" (Studio Dewberry, Dewberry Living, and Dewberry Office) to "better match . . . the real estate development services provided to and by each property" managed by Defendant. Dkt. 81-4 at 7.

In 2017, Defendant applied to register the "Dewberry Group" mark for "[c]ommercial real estate development services" including "property management services, leasing services, and brokerage services." Dkt. 82-4 at TSDR-0961–966. This application was rejected by the United States Patent and Trademark

Office ("USPTO") because of a likelihood of confusion with the Dewberry Marks. *Id.* at TSDR-0939 (describing the marks as "identical in part")[1]. Further, the PTO found that the likelihood of confusion increased because "[Plaintiffs] identified services [are] 'Real estate development'. [Defendant's] identified services are partly encompassed within registrant's broadly stated services, as well as highly related." Dkt. 82-4 at TSDR-0940.

Plaintiff sent a demand letter to Defendant because the "Dewberry Group" application "showed Defendant's intent to infringe the Dewberry Marks and breach the CSA." Dkt. 85 at § I(G)(46). Defendant replied, promising to respect Dewberry's trademark rights, to comply with the CSA, abandon the "Dewberry Group" application, and

> not to attempt to register the term DEWBERRY GROUP for real estate development services and further agree not use the term in connection with any present or future real estate development or related services in Virginia, Maryland, or the District of Columbia. If we perform such services in those areas, we will use DCC or something else that is not confusingly similar to any of your client's marks.

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[1] "In the present case, the initial dominant wording DEWBERRY in applicant's mark is identical in sound, meaning and essentially identical in appearance, to the entirety of registrant's marks. The mere addition of the descriptive disclaimed wording GROUP to applicant's mark does not obviate the similarities as adding a term to a registered mark generally does not obviate the similarity between the compared marks, as in the present case, nor does it overcome a likelihood of confusion under Section 2(d)."

Id. Plaintiff alleges that Defendant has continued to use the Dewberry mark in violation of the terms of the CSA, despite assurances to the contrary.

On May 29, 2020, Plaintiff filed the instant complaint against the Defendant, claiming one count of breach of the confidential settlement agreement and four counts of trademark infringement. Both parties have moved for summary judgment. Dkt. 70; Dkt. 78.

II. LEGAL STANDARD

Summary judgment is an appropriate resolution where "the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). A fact is material when it has the potential to affect the outcome of the dispute. *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). A dispute over a material fact is genuine when a reasonable jury could, based on the evidence presented, return a verdict for the nonmoving party. *Id.* In determining whether a genuine issue of material fact exists for trial, a trial court views the evidence and the inferences in the light most favorable to the nonmoving party. *Scott v. Harris,* 550 U.S. 372, 378, 127 S.Ct. 1769, 167 L.Ed.2d 686 (2007).

By the terms of the CSA itself, Virginia law governs. Dkt. 81-2 at § B(24).

III. DISCUSSION

A. Summary Judgment on Count V, Breach of CSA

The elements of a breach of contract action are simple hornbook law. As recited by the Virginia Supreme Court, it consists of "(1) a legally enforceable obligation of a defendant to a plaintiff; (2) the defendant's violation or breach of that obligation; and (3) injury or damage to the plaintiff caused by the breach of obligation." *Navar, Inc. v. Fed. Bus. Council,* 784 S.E.2d 296, 299 (Va. 2016) (citations omitted). Both parties concede that the contract is valid and legally enforceable. Dkt. 85 at § I(A)(1); Dkt. 146 at 1.

Upon reading the whole contract, the Court find no material ambiguities; as such, the Court finds that Defendant is in breach of the CSA, specifically § B(2)–(3), (6), and (10).

1. *Breach of CSA Section B(6)*

Section 6 of the CSA reads:

> [Defendant] will not use the word DEWBERRY in the name of, or as a mark for, any architectural and/or engineering company, or in connection with any architectural or engineering services.

Dkt. 1-5 § B(6). The plain language of the CSA is unambiguous.

Defendant argues that although it has used the "Dewberry" mark, it has not done so in connection with architectural or engineering services. *See* Dkt. 146 at ¶ 67. Defendant points to the lack of third-party contracts for "architectural or engineering services," arguing that any services it provides are "in-house" activities, and not for the benefit of any third party, citing *Morningside Group Ltd. v. Morningside Capital Group, L.L.C.,* 182 F.3d 133 (2d Cir. 1999) ("[t]hose services must not be solely for the benefit of the performer; the services must be rendered to others."). The Court finds these arguments to be without merit.

The purpose of any service mark is to prevent customers from thinking that a service is being provided by one entity when in fact it is being provided by another. Under Virginia Code § 59.1-92.12(1), infringement is defined as the use of a mark

> in connection with the sale, offering for sale, distribution, or advertising of any goods or services or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source or origin of such goods or services.

In the case of a service mark, "a mark shall be deemed to be in use . . . when it is used or displayed in the course of selling or providing services . . . ." Code § 51.1-92.2.

Under a plain reading of the CSA, Defendant would be in breach if the mark were used (1) in the course of selling or providing services, and (2) in a way that connected the mark to architectural or engineering services. The court finds that no reasonable jury could conclude other than the evidence establishes that these two elements have been met.

Defendant admittedly uses the Dewberry mark within its promotional materials: examples range from its "Studio Dewberry" webpage (Dkt. 88-11) to the promotional article in *Architectural Record* magazine (Dkt. 107-1 at 05DG-0048305; Dkt. 81-5 ¶¶ 94-95) to the numerous architectural filings for the "Dewberry Charlottesville" building (e.g. Dkt. 88-15). Each of these, *inter alia*, are examples of Defendant using the "Dewberry" mark in the course of selling or providing its services.

Likewise, in each of the cited examples, the use of the "Dewberry" mark is done in connection with architectural services. Defendant touts its architectural expertise in its branding and marketing efforts—the Studio Dewberry Executive Vice President was hired and advertised as an architect with more than "thirty years in private architectural practice . . . [and] is a registered architect and a member of the American Institute of Architects." Dkt. 88-12 at 3. Defendant used the "Dewberry" mark on its architectural plans and filed certifications; the webpage proclaims Studio Dewberry was started to "handle everything from architecture and interiors to product development and procurement . . . for all of the real estate and hospitality properties within Dewberry Group's portfolio" (Dkt. 88-4 at 2); the leasing packages Defendant sends to brokers credits Studio Dewberry as one of its architects. Dkt. 105-1 at 6. When the Defendant advertises architectural services that it provides to the properties within the Dewberry Group's portfolio, it is in breach of the CSA. Despite this evidence, Defendant denies that it breached the CSA, arguing that it "does not perform architectural services, and it does not perform architectural services for third parties." Dkt. 146 at ¶ 65.

The court rejects this argument. Under Virginia law,

> "practice of architecture" means any service wherein the principles and methods of architecture are applied, such as consultation, investigation, evaluation, planning and design, and includes the responsible administration of construction contracts, in connection with any private or public buildings, structures or projects, or the related equipment or accessories.

Va. Code Ann. § 54.1-400. Defendant does admit that it, *inter alia*, "provides interior and exterior design services," "prepared drawings to the City of Charlottesville in connection with zoning and Board of Architectural ("BAR") approval," "sought approval of a height and massing increase for one of Dewberry Group's development projects," and "engaged in such pre-design work." Dkt. 146 ¶ 67. These activities constitute architectural services.

Moreover, the issue here, as it was in *Morningside,* "is whether the service provider *in fact* benefits third parties." 182 F.3d at 138. In the first place, Defendant admits that it

> prepared drawings to the City of Charlottesville in connection with zoning and Board of Architectural ("BAR") approval for a hotel project in downtown Charlottesville, VA. These were made on behalf of the owner of the project, Deerfield Square Associates, II, LLC.

Dkt. 146 ¶ 67. Thus, the services rendered by Plaintiff were in fact, to third parties, separated by the corporate veil.

However, the services were not only for the benefit of Defendant and its employees. Rather, the services performed by Defendant were in order to serve as a distinguishing mark of luxury, for the benefit of the tenants, investors, and brokers. The real estate was being developed for the purpose of leasing, not merely for the benefit of Defendant alone.

For example, Plaintiff's website advertises that the Charlottesville property, which "is poised to become the city's premier luxury mixed-use retail, office, and residential property, "will receive the full Studio

Dewberry treatment in terms of modernization and first-class amenities" while at the same time preserving and celebrating the "architectural provenance and integrity" of the landmark. Dkt. 88-5 at 7.

Hence, the architectural services of the Defendant, which are promoted in connection with the "Dewberry" mark are for the benefit of third parties. Compare this with *Morningside Group Ltd.,* 182 F.3d at 138 ("Morningside Group has demonstrated that it renders services to others—including, for example, the businesses they acquire, the co-investors they attract and the United States institutions whose money they direct to Asian investment).

As such, the Court find Defendant in breach of § 6 of the CSA.

2. *CSA Section B(10)*

Plaintiff argues that Defendant breached CSA by using "Dewberry" names other than "Dewberry Capital" and logos other than its column logo, in breach of CSA Section 10, which states that, "[w]here feasible, [Defendant] shall continue to use its column logo in its current format . . . or in a substantially similar format." Dkt. 1-5 § B(10).

There is no ambiguity here. According to the terms of the CSA, Defendant was obliged to continue using the column logo. Instead, Defendant chose a new logo as part of its larger rebranding efforts. "Shall continue" means the party in question has an affirmative obligation to continue. Defendant has ceased to continue, and so the court finds the Defendant in breach of the CSA.

3. *CSA Section 2 and 3*

Plaintiff argues that Defendant performed real estate development or development related services in Virginia using names other than "DCC," in breach of CSA § B(2) and (3):

> Section 2: Except as provided in Paragraph B.3, below, DCC may use the DEWBERRY CAPITAL name and mark in connection with its promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties;
>
> Section 3: To the extent that DCC performs any present or future real estate development or related services in the Commonwealth of Virginia, the State of Maryland, or the District of Columbia, it shall do so only under the name and mark DCC and not under the name or mark DEWBERRY CAPITAL.

In response, Defendant argues that § B(3) only barred it from using the term "Dewberry" as the *public-facing* name of a project or as the name of a building. Dkt. 71 at ¶ 2(b). Defendant points to "[c]orrespondance between Parties before they executed the Settlement Agreement" as evidence of this understanding. *Id.* at § V(B).

With regards to the use of parol evidence, the Court finds it immaterial to the issue at hand. Evidence in the form of prior correspondence may be introduced to explain a disputed term *except* when the court finds "the writing to have been intended also as a complete and exclusive statement of the terms of the agreement." Va. Code Ann. § 8.2-202.

In this case, the "parties expressly agree that they will not attempt in the future to argue that there were any other written or oral understandings or agreements between parties, as of the date of this Agreement, that are not expressly contained in this Agreement." Dkt. 1-5 § B(22).

Focusing on the actual terms of the CSA, Defendant was constrained by both a negative covenant ("[shall] not [do so] under the name or mark DEWBERRY CAPITAL") and positive covenant ("shall do so only under the name and mark DCC"). Where the Defendant is shown to have performed real estate development activities in the Commonwealth of Virginia either (1) under the mark "Dewberry Capital" or (2) not under the mark "DCC," it is in breach. It is not difficult to find examples of such activities. Defendant concedes that its personnel performed a number of real estate development activities in the Commonwealth. Dkt. 81-3 at § 11. Plaintiff points to many others.

However, Defendant argues that "to the extent Dewberry Group performed these services and activities in Virginia, these services and activities do not constitute real estate development or related services." Defendant goes so far as to claim that "while [CSA § 3] may prevent Defendant from establishing a physical office presence within the state . . . [it] does not . . . prevent Defendant from sending correspondence into Virginia, and it does not prevent Dewberry Group's personnel from acting on behalf of John Dewberry's Ownership entities in Virginia." Dkt. 71 at ¶ 38.

The Court disagrees. As an initial matter, where the Defendant is engaged in the "promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties" it may use "Dewberry Capital." Dkt. 1-5 at § B(2). This was the extent to which the CSA granted permission to Defendant to use the Dewberry mark. Rebranding does not permit Defendant to other uses of the Plaintiff's Dewberry mark.

Secondly, to the extent that it "performs any present or future real estate development or related services,"[2] Defendant "shall do so only under the name and mark DCC and not under the name or mark DEWBERRY CAPITAL." *Id.* at § B(3). The CSA contains no limitations on who may own the property or for whose benefit such services are rendered; it does not refer to construction signage or physical offices. Instead, it refers to a broad spectrum of activities: advertising ("promotion"), solicitation ("offering"), and execution ("performance") of real estate development. The list in § B(2) further expands the scope of the real estate development activities and related services referred to in § B(3), listing as examples such activities as the purchase of land, arranging for construction, and the managing of tenants. Every time the Defendant performed such real estate development activities in Virginia—whether procuring financing, purchasing property, or submitting plans to the Board of Architectural Review—doing so under the "Dewberry"

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[2] A related service, for those who may be so inclined to inquire, is the type of activity referenced in § B(2).

mark (or conversely, not under the DCC mark), it was in breach of the CSA. There is evidence of both.

Therefore, the Court finds in favor of the Plaintiff and grants summary judgment on Count V, holding that the Defendant breached the CSA as a matter of law.

B. Trademark Infringement.

Plaintiff also accuses Defendant of (1) infringement in violation of § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), (2) federal unfair competition in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), (3) common law trademark infringement in violation of Virginia law, and (4) common law unfair competition in violation of Virginia law. Defendant disagrees. Both parties move for summary judgment.

1. *Infringement and unfair competition*

Plaintiff has brought claims for trademark infringement and unfair competition under federal law and trademark infringement and unfair competition under common law in Virginia. *See* Virginia Trademark and Service Mark Act (1998) ("VTSMA"), Code §§ 59.1-92.1, 92.15 (stating that nothing in the VTSMA "shall adversely affect the rights or the enforcement of common-law rights in marks."). These counts will be addressed together, as "[t]he test for trademark infringement and unfair competition under the Lanham Act is essentially the same as that for common law unfair competition under Virginia law . . ." *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.,* 43 F.3d 922, 930 (4th Cir. 1995). In order to prevail

> a plaintiff must prove that (1) the mark is valid and legally protectable, (2) it owns and

> uses the mark, and (3) the defendant's use of the allegedly infringing mark would likely cause confusion as to the origin or sponsorship of the defendant's goods or services with the plaintiffs goods or services. A plaintiff may also be required to show that the defendant's infringing use was without the plaintiffs permission or consent. More simply, the elements of trademark infringement action are that the trademark merits protection and that an allegedly infringing use is likely to result in consumer confusion.

87 C.J.S. Trademarks, Etc. § 86.

Plaintiff has established that the "Dewberry" mark is valid, legally protected, and, having been in continuous use for more than five years following its registration, incontestable. Having established the first two elements, we turn to likelihood of confusion.

Determining the likelihood of confusion is an "inherently factual" issue that depends on the facts and circumstances in each case. *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.,* 962 F.2d 316 (4th Cir. 1992). When there is a genuine issue of material fact as to whether the likelihood of customer confusion exists in a competitor's use of a mark, summary judgment is inappropriate. However, a "court will grant a motion for summary judgment on its infringement claims where the plaintiff offers proof of actual confusion among the marks where both the marks and the products are very similar." 32 Fed. Proc., L. Ed. § 74:519.

This court has articulated at least nine factors that generally are relevant to the "likelihood of confusion" inquiry:

> (1) the strength or distinctiveness of the plaintiffs mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant's intent; (7) actual confusion; (8) the quality of the defendant's product; and (9) the sophistication of the consuming public.

Rosetta Stone Ltd. v. Google, Inc., 676 F.3d 144, 153 (4th Cir. 2012) (citing *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009)). We will address each of these factors in light of the Defendant's arguments below.

a) Strength of the mark as used

The first factor is the mark's conceptual strength. This is determined

> in part by its placement into one of four categories of distinctiveness: (1) generic; (2) descriptive; (3) suggestive; or (4) arbitrary or fanciful. . . . Fanciful marks, which are inherently distinctive, typically involve made-up words created for the sole purpose of serving as a trademark. Arbitrary marks, which are also inherently distinctive, typically involve common words that have no connection with the actual product, as "they do not suggest or describe any quality, ingredient, or characteristic," so the mark can be viewed as "arbitrarily assigned."

George & Co., 575 F.3d at 394. For example, Clorox®, Kodak®, Polaroid®, and Exxon® are fanciful marks;

"Camel® cigarettes" and "Apple® computers" are arbitrary marks. *See Sara Lee Corp. v. Kayser-Roth Corp.* 81 F.3d 455, 64 USLW 2708, 38 U.S.P.Q.2d 1449, 4th Cir. (N.C.), 1996, (No. 94-2562). Generally, the stronger the mark, the greater the likelihood that consumers will be confused by competing uses of the mark. *George & Co.*, 575 F.3d at 393 (4th Cir. 2009).

Defendant argues that the mark is conceptually weak because it is a surname, and thus "merely descriptive." Dkt. 146 at 27. This misreads the standard. For marks derived from surnames, the "ultimate test is whether the primary significance of the mark is that of a surname to the purchasing public." *Callmann on Unfair Competition, Trademarks and Monopolies* § 26:37 (4th Ed.) In this case, a "dewberry" is both a surname and an object. Taken as a whole, the mark and the "berry" logo do not suggest a surname. Additionally, as Plaintiff notes, its registration certificates do not contain a "2(f)" signifier above the serial number, signaling that the USPTO did not require proof of secondary meaning, as would be required for a descriptive mark. *See Lone Star Steakhouse,* 43 F.3d at n.15 ("The fact that the Trademark Office did not require proof of secondary meaning can be determined from analyzing a title copy of the registration the Office issued. When the Office requires such proof, it notes '2(f)' above the serial number on the bottom right of the registration certificate.").

These facts, read in conjunction with the fact that "Dewberry" neither suggests nor describes the services provided by Plaintiff, lead to the finding that the mark is arbitrary, which is conceptually strong. This weighs in favor of a likelihood of confusion.

b) Similarity between the two marks

Factor two looks at the actual similarity between the marks. As the USPTO noted "when evaluating a composite mark consisting of words and a design, the word portion is normally accorded greater weight." Dkt. 83-3 at 31 (citing *In re Aquitaine Wine USA, LLC,* 126 USPQ2d 1181, 1184 (TTAB 2018)). In this instance, the parties' marks share the same dominant and distinctive term: "Dewberry." The addition of the generic terms (e.g. "group," "Studio," "Office," etc.) are not pertinent. "Adding a term to a registered mark generally does not obviate the similarity between the compared marks." *In Re My Door View, LLC,* 88444283, 2021 WL 1400667, at *4 (Trademark Tr. & App. Bd. Mar. 26, 2021). *See also Coca-Cola Bottling Co. v. Jos. E. Seagram & Sons, Inc.*, 526 F.2d 556, 557, 188 USPQ 105, 106 (CCPA 1975) (finding BENGAL and BENGAL LANCER and design confusingly similar); *In re El Torito Restaurants, Inc.,* 9 USPQ2d 2002, 2004 (TTAB 1988) (finding MACHO and MACHO COMBOS confusingly similar); *In re Denisi,* 225 USPQ 624, 624 (TTAB 1985) (holding PERRY'S PIZZA and PERRY'S, both for restaurant services, likely to cause confusion, noting that "where a newcomer has appropriated the entire mark of a registrant, and has added to it a non-distinctive term, the marks are generally considered to be confusingly similar."). This weighs in favor of a likelihood of confusion.

c) The similarity of the goods or services that the marks identify

Plaintiffs mark is registered for identifying real estate development and development related services (International Class 037, 040, 042). Defendant also engages in real estate development and development related services. Because their services are overlapping, this factor weighs in favor of a likelihood of confusion.

d) The similarity of the facilities used by the markholders

This factor does not aid in the likelihood-of-confusion analysis. "When considering the similarity of facilities, courts are trying to determine if confusion is likely based on how and to whom the respective goods of the parties are sold, and the key question is whether both products are sold in the same channels of trade." *Rosetta Stone Ltd.,* 676 F.3d at 155 (internal citations omitted).

In this case, both parties are service providers.

e) The similarity of advertising used by the markholders

When service marks are at issue, "advertising is of even greater relevance because the mark cannot be actually affixed to the service, as a trademark is to the goods" so "[m]any prospective purchasers first encounter the mark in advertising, rather than on the product." *Elvis Presley Enters., Inc. v. Capece,* 141 F.3d 188, 197 (5th Cir. 1998).

In this case, both parties are engaged in development or development-related projects in Virginia (including in Charlottesville), Florida (including in Jacksonville), and Georgia (including in Atlanta) and market in these areas. Both companies interact with and offer their services to tenants of office and retail space, real estate brokers, and lenders. And while it would not be appropriate for the court to do a side-by-side comparison of the advertisements run by the parties, the court will note that both parties promote their architectural and interior design services in *Architectural Record* magazine.

This factor weighs in favor of a likelihood of confusion.

f) The defendant's intent

The next we will consider Defendants' intent. "As a general rule, the plaintiff in an action for trademark infringement is not required to prove the defendant's intent. However, where such intent has been shown, the inference of likelihood of confusion is readily drawn." *Old Town Funeral Choices v. N. Va. Funeral Choices, Inc.,* 55 Va. Cir. 459 (Va. Cir. 2000) (Citations omitted). "The law provides that a junior user of a mark has an affirmative duty to select a mark that is not confusing. When a defendant adopts a mark with full knowledge of the plaintiffs mark, intent is inferred. *Teaching Co. Ltd. Partn. v. Unapix Ent., Inc.,* 87 F. Supp. 2d 567, 583 (E.D. Va. 2000) (citation omitted).

In this case, the Defendant was aware of Plaintiff's mark, entered into the CSA but breached the agreement as part of its "rebranding" efforts, and then re-adopted the Plaintiff's "Dewberry" mark. This further favors a finding of a likelihood of confusion.

Defendant argues that Plaintiff consented to Dewberry Group's use of DEWBERRY CAPITAL, and then attempts to extrapolate this limited grant of consent to a wider grant of consent to the term "Dewberry" in general. The CSA, in fact, says the opposite: not only is the consent of Defendant's use of "Dewberry" (with regards to real estate development and related services) limited to just the use of "Dewberry Capital," even this was impermissible within Virginia. Dkt. 1-5

§ B(3). As such, this argument is meritless, and the factor weighs in favor of a likelihood of confusion.

g) Actual confusion

While not necessary to prove likelihood of confusion, "evidence of actual confusion is often paramount in the likelihood-of-confusion analysis." *CareFirst of Maryland, Inc. v. First Care, P.C.,* 434 F.3d 263, 268 (4th Cir. 2006) (internal citation omitted). Proof of actual confusion can be demonstrated by

> either anecdotal or survey evidence. We previously have explained that survey evidence demonstrating confusion in 10% or more of consumers supports a finding that actual confusion exists. And . . . a confusion rate of 17 percent is clear evidence of actual confusion for purposes of summary judgment.

RXD Media, LLC v. IP Application Dev. LLC, 986 F.3d 361, 373 (4th Cir. 2021) (internal citations omitted). In this case, Plaintiff offers both. Defendant attempts to discount many of the offered pieces of evidence, calling them either "irrelevant" or "*de minimis*"; argues that the number of instances is low, many of the examples pre-date the Defendant's adoption of its rebranded logo, and that it was operating under the Plaintiff's consent; and discounts Plaintiff's expert survey. The Court appreciates the exceptions the Defendant raises, and where appropriate discounts material evidence that is in dispute. Nevertheless, examples of actual confusion between the Plaintiff's and Defendant's marks remain. Focusing on just one set of examples, Plaintiff points to the confusion by representatives from UVA, one of their clients.

Defendant argues that two of three instances

> occurred in 2012 and 2016 before Dewberry Group had rebranded and adopted the D DEWBERRY Marks and are irrelevant. These incidents occurred while Dewberry Capital Corporation acted in accordance with the Settlement Agreement and with Plaintiff's express consent to use the mark DEWBERRY CAPITAL.

Dkt. 146 at ¶ 74. However, these instances are not irrelevant. While the CSA discharged Defendant of claims based on use of "Dewberry" marks, that release "applies only to claims arising on or before" February 26th, 2007. Second, CSA did not permit Defendant to use "Dewberry Capital" in Virginia. Third, the rebrand continues to use the Plaintiff's mark, and logically speaking, the existence of a *new* "Dewberry" brand would lead to more confusion, not less.

As such, the Court finds the instances of actual confusion have merit, and the factor weighs in favor of a likelihood of confusion.

h) The quality of the defendant's product

Factor eight, the quality of the defendant's product, is not relevant in this instance, as it applies in "situations involving the production of cheap copies or knockoffs of a competitor's trademark-protected goods." *Sara Lee Corp. v. Kayser-Roth Corp.,* 81 F.3d 455, 467 (4th Cir. 1996). Here, the parties are service providers who do not produce goods for sale.

i) The sophistication of the consuming public

"Barring an unusual case, buyer sophistication will only be a key factor when the relevant market is not the public at-large. If the typical consumer in the relevant market is sophisticated in the use of—or possesses an expertise regarding—a particular product, such sophistication or expertise may be pertinent in determining the likelihood of confusion." *Id.*

Defendant argues that the customers are sophisticated, as they are commercial tenants, lenders, and brokers who engage in long-term contracts. This, Defendant argues, should make the matter dispositive. It does not.

In cases where sophistication among buyers is a factor, there is a presumption the relative sophistication of the buyer works against the likelihood of confusion among consumers. Limiting the inquiry to the question alone would weigh against Plaintiff's motion, as evidence is read in a manner most favorable to the non-moving party.

However, the question of the likelihood of confusion does not merely begin and end at the bargaining table. Rather,

> [a] trade name symbolizes the reputation of a business. Consumers are interested in the quality and cost of the goods or services that it offers; suppliers are concerned with the prompt payment of bills and credit standing; investors, with financial stability, return and growth; labor, with rates of pay, fringe benefits and personnel policies; and the general public, with management's participation in public affairs. All of these factors, and more, make up "the communication mosaic in which a business enterprise must fit" and which its trade name reflects. Infringement of a trade name is a tort touching all these factors.

Communications Satellite Corp. v. Comcet, Inc., 429 F.2d 1245, 1250 (4th Cir.) (holding likelihood of confusion among investors is adequate predicate for relief), *cert. denied,* 400 U.S. 942, 91 S.Ct. 240, 27 L.Ed.2d 245 (1970). In cases where services are contracted by (presumptively) sophisticated clients, an inquiry into sophistication is warranted. But it would not be appropriate to conclude that the sophistication of the buyer is dispositive, especially in cases where actual tenants—the buyers in question—have demonstrated confusion. And it is even more true when, as in this case, parties have invested tens of millions of dollars into their public images; where public officials refer to them by name; in which articles, good and bad, are circulated amongst the general public; and in which the reputations of the parties is under attack in the markets in which they operate.

In these cases, a finding of a likelihood of confusion among the general public can be made on the basis that "public confusion will adversely affect the plaintiffs ability to control his reputation among its laborers, lenders, investors, or other group with whom the plaintiff interacts." *Perini Corp. v. Perini Const., Inc.,* 915 F.2d 121, 128 (4th Cir. 1990).

Here, the evidence shows a number of negative articles, written from 2017-2020, in both local and national publications, about Defendant, who is referred to by Plaintiffs mark. Dkt. 85 at ¶¶ 85-88. And again, there are instances of actual confusion among the general public including "a news reporter, UVA client representatives, a commercial tenant, a wealthy businessman, a vendor, and a contractor." Dkt. 85 at 41. As this court has said,

> trade name infringement case under § 43(a) of the Lanham Act cannot be made out by

> merely presuming that the public will be confused without an identification of how the forecasted public confusion will "damage" the plaintiff.

Perini Corp. v. Perini Const., Inc., 915 F.2d 121, 128 (4th Cir. 1990). In this case, Plaintiff has spent $125 million on promotional expenditures from 2015-2019. Additionally, a 2020 study of Florida real estate-related clients showed that they associated Dewberry with "positive notions of its 'expertise,' quality,' size/strength,' and 'people,'" and "refer to the firm as 'Dewberry' and state[d] that colleagues within their companies also know the firm by that name." This is a significant investment into goodwill; the confusion, at best dilutes this investment. More concerning, Defendant's negative publicity damages that reputational standing.

IV. CONCLUSION

In sum, with respect to the claim on infringement, the court finds that a likelihood of confusion exists: Plaintiff has an arbitrary mark, making it strong in the marketplace; the predominant feature of the parties' marks are identical, namely "Dewberry;" the parties both engage in real estate development services; the parties operate in overlapping markets; the parties' similar forms of advertising, market to the same kinds of parties. There is sufficient evidence that the Defendant had the intent to infringe; sufficient evidence of actual confusion; and evidence that there is a high likelihood of confusion in the general public. These all weigh in favor of a finding of a likelihood of confusion. The only factor which weighs against this finding is the presumption that the actual buyer is sophisticated, and this alone is not enough.

The court finds that no reasonable jury could, based on the evidence presented, find that no likelihood of confusion exists between the parties' marks. Plaintiffs motion for summary judgment on Counts I-IV is **GRANTED**; Defendant's motion for summary judgment is **DENIED**.

It is **SO ORDERED**.

August 11, 2021	/s/ Liam O'Grady
Alexandria. Virginia	Liam O'Grady
	United States District Judge

APPENDIX D

FILED: September 19, 2023

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 22-1622 (L)
(1:20-cv-00610-LO-IDD)

DEWBERRY ENGINEERS INC.,
a New York corporation

Plaintiff - Appellee

v.

DEWBERRY GROUP, INC.,
f/k/a Dewberry Capital Corporation,
a Georgia corporation

Defendant - Appellant

No. 22-1845
(1:20-cv-00610-LO-IDD)

DEWBERRY ENGINEERS INC.,
a New York corporation

Plaintiff - Appellee

v.

DEWBERRY GROUP, INC.,
f/k/a Dewberry Capital Corporation,
a Georgia corporation

Defendant - Appellant

ORDER

The court denies the petition for rehearing and rehearing en banc. No judge requested a poll under Fed. R. App. P. 35 on the petition for rehearing en banc.

Entered at the direction of the panel: Judge Gregory, Judge Thacker, and Judge Quattlebaum.

For the Court

/s/ Nwamaka Anowi, Clerk

APPENDIX E

15 U.S.C. § 1117. Recovery for violation of rights

(a) Profits; damages and costs; attorney fees

When a violation of any right of the registrant of a mark registered in the Patent and Trade-mark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) Treble damages for use of counterfeit mark

In assessing damages under subsection (a) for any violation of section 1114(1)(a) of this title or section

220506 of Title 36, in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of—

(1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services; or

(2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of Title 26, beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.

(c) Statutory damages for use of counterfeit marks

In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of—

(1) not less than $1,000 or more than $200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than $2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

(d) Statutory damages for violation of section 1125(d)(1)

In a case involving a violation of section 1125(d)(1) of this title, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just.

(e) Rebuttable presumption of willful violation

In the case of a violation referred to in this section, it shall be a rebuttable presumption that the violation is willful for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar, domain name registry, or other domain name registration authority in registering, maintaining, or renewing a domain name used in connection with the violation. Nothing in this subsection limits what may be considered a willful violation under this section.